

As filed with the Securities and Exchange Commission on May 4, 2000

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

AMENDMENT NUMBER 1 TO
FORM S-3

Registration Statement
under
the Securities Act of 1933

UNITED COMMUNITY BANKS, INC.
(Exact name of Registrant as specified in its charter)

Georgia
(State or other jurisdiction of
incorporation or organization)

6712
(Primary Standard Industrial
Classification Code Number)

58-1807304
(I.R.S. Employer
Identification Number)

Post Office Box 398
63 Highway 515
Blairsville, Georgia 30512
(706) 745-2151

(Address, including zip code, and telephone number, including
area code, of registrant's principal executive offices)

Mr. Christopher J. Bledsoe
Chief Financial Officer
United Community Banks, Inc.
Post Office Box 398
63 Highway 515
Blairsville, Georgia 30512
(706) 745-2151

(Name, address, including zip code, and telephone number,
including area code, of agent for service)

With copies to:
F. Sheffield Hale, Esq.
Kilpatrick Stockton LLP
Suite 2800
1100 Peachtree Street
Atlanta, Georgia 30309
(404) 815-6500

Approximate date of commencement of the proposed sale to the public: AS
SOON AS PRACTICABLE AFTER THIS REGISTRATION STATEMENT BECOMES EFFECTIVE.

If any of the securities being registered on this Form are being
offered on a delayed or continuous basis pursuant to Rule 415 under the
Securities Act of 1933 check the following box. / /

If this Form is filed to register additional securities for an offering
pursuant to Rule 462(b) under the Securities Act, please check the following box
and list the Securities Act registration number of the earlier effective
registration statement for the same offering. / /

If this Form is a post-effective amendment filed pursuant to Rule
462(c) under the Securities Act, check the following box and list the Securities
Act registration number of the earlier effective registration statement for the
same offering. / /

If delivery of the prospectus is expected to be made pursuant to Rule
434 please check the following box. / /

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Share	Proposed Minimum Aggregate Offering Price	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
--	----------------------------	---	--	--	-------------------------------------

Common stock, par value \$1.00 per share	450,000	\$38.00	\$13,300,000	\$17,100,000	
---	---------	---------	--------------	--------------	--

Estimated solely for the purpose of computing the registration fee
Previously paid in connection with this Registration Statement.

THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT OF 1933, AS AMENDED, OR UNTIL THE REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(A), MAY DETERMINE.

UNITED COMMUNITY BANKS, INC.

A Minimum of 350,000 Shares and a Maximum of 450,000 Shares of Common Stock

United Community Banks, Inc. hereby offers for sale a minimum of 350,000 shares and a maximum of 450,000 shares of our common stock at a price of \$38.00 per share. In the State of Georgia, the common stock offered hereby will be sold by certain of our executive officers, and no commissions will be paid on such sales. To comply with securities requirements of the State of North Carolina, we have engaged Wachovia Securities, Inc. to act as a broker-dealer for our account in effecting offers and sales of our common stock to investors in North Carolina. Wachovia Securities will receive a fee of \$40,000 for these services. Subscription proceeds for 350,000 shares must be deposited in an interest bearing account with SunTrust Bank by the date that is 30 days from the date of this prospectus unless extended to the date that is up to 90 days from the date of this prospectus, or the offering will terminate and subscription funds will be returned to subscribers.

The shares of common stock are being offered first to existing shareholders for a period commencing on the date of this prospectus and ending on the close of business on May 22, 2000. We may, in our discretion, allow shareholders to elect to have entities related to such shareholders, such as qualified retirement plans, purchase our common stock if permitted by, and subject to the terms and conditions of, such qualified retirement plans. Thereafter, the common stock offered hereby that has not been subscribed will be offered to members of the general public who are residents of the States of Georgia, North Carolina, and Tennessee and to existing shareholders. See "The Offering."

Our common stock is not traded on the Nasdaq National Market System or any national securities exchange; therefore, there is no established public market for the common stock. The offering price of \$38.00 per share of common stock was determined by our Board of Directors. For information relating to the factors considered in determining the offering price to the public, see "Determination of Offering Price."

See "Risk Factors" for a discussion of certain factors that should be considered in connection with an investment in the securities offered hereby.

These securities have not been approved or disapproved by the Securities and Exchange Commission or any state securities commission, nor has the Securities and Exchange Commission or any state securities commission passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

The securities offered hereby are not savings or deposit accounts or other obligations of a bank, and they are not insured by the Bank Insurance Fund of the Federal Deposit Insurance Corporation or any other government agency.

	Price to Public	Underwriting Discounts and Commissions	Proceeds to United
Per Share of Common Stock.....	\$38.00		\$38.00
Minimum.....	Not applicable		\$13,260,000
Maximum.....	Not applicable		\$17,060,000

Before deducting expenses payable by us, estimated at \$80,250 but including the \$40,000 payable to Wachovia Securities as provided in footnote 2.

Wachovia Securities, Inc. will receive a fee of \$40,000 for effecting sales of common stock on our behalf in the State of North Carolina.

The date of this prospectus is May 8, 2000.

Prospectus Summary

The following summary is qualified in its entirety by the more detailed information and financial statements, and the notes related thereto, appearing elsewhere in this prospectus.

The Company

United Community Banks, Inc. is a registered bank holding company based in Blairsville, Georgia, which commenced operations in 1988 by acquiring 100% of the outstanding stock of Union County Bank, now known as United Community Bank. All of our activities are currently conducted by our wholly-owned subsidiaries:

- o United Community Bank, Blairsville, Georgia, organized in 1950;
- o Carolina Community Bank, Murphy, North Carolina, acquired in 1990
- o Peoples Bank, Blue Ridge, Georgia, acquired in 1992;
- o Towns County Bank, Hiawassee, Georgia, acquired in 1992;
- o White County Bank, Cleveland, Georgia, acquired in 1995;
- o First Clayton Bank and Trust, Clayton, Georgia, acquired in 1997;
- o Bank of Adairsville, Adairsville, Georgia, acquired in 1999; and
- o 1st Floyd Bank, Rome, Georgia, acquired in 1999.

We operate two consumer finance companies: United Family Finance Co., which operates two offices in Georgia, and United Family Finance Co. of North Carolina, which operates two offices in North Carolina. The Mortgage People Company, a division of United Community Bank, is a full-service retail mortgage lending operation approved as a seller/servicer for Federal National Mortgage Association and Federal Home Mortgage Corporation. In addition, we own an insurance agency, United Agencies, Inc.

At December 31, 1999, we had total consolidated assets of approximately \$2.1 billion, total loans of approximately \$1.4 billion, total deposits of approximately \$1.6 billion, and shareholders' equity of approximately \$96.3 million.

Recent Developments

On March 3, 2000, we entered into an agreement to acquire North Point Bancshares, Inc., Dawsonville, Georgia, in exchange for 958,211 shares of our common stock. As of December 31, 1999, North Point had \$106.3 million in total consolidated assets, \$96.6 million of total deposits, and \$9.2 million of total shareholders' equity.

On March 3, 2000, we entered into an agreement to acquire Independent Bancshares, Inc., Powder Springs, Georgia, in exchange for 870,598 shares of our common stock. As of December 31, 1999, Independent had \$145.1 million in total assets, \$123.4 million of total deposits, and \$13.1 million of total shareholders' equity.

At our shareholders' meeting to be held in the second quarter of 2000, our shareholders will be asked to approve an increase in our authorized common stock from 10,000,000 shares to 50,000,000 shares to provide sufficient shares to issue in the North Point and Independent acquisitions. The closings of these acquisitions are conditioned upon our shareholders' approval of the increase in common stock. We have sufficient shares of common stock currently available to issue to subscribers in this offering.

Our executive offices are located at 63 Highway 515, Blairsville, Georgia 30512, and our telephone number is (706) 745-2151.

The Offering

Common Stock

Common stock offered.....	A minimum of 350,000 shares and a maximum of 450,000 shares.
Common stock deemed outstanding before the offering	8,442,990 shares as of May 1, 2000, including 140,000 shares deemed outstanding pursuant to our debentures that are due December 31, 2006, and presently exercisable options to acquire 267,122 shares issued pursuant to the our stock option plan.
Common stock deemed outstanding after the offering.....	8,892,990 shares (including shares underlying the outstanding debentures and options and assuming that 450,000 shares are sold in this offering).
Use of Proceeds.....	To provide capital for our subsidiary banks and for other corporate purposes. See "Use of Proceeds."
How to Subscribe.....	See page 6 for instructions on subscribing for common stock.

United Community Banks, Inc.
 Summary Consolidated Financial Information
 (In thousands, except per share data)

	December 31,				
	1999	1998	1997	1996	1995
Balance Sheet Data					
Total assets	\$2,131,440	\$1,591,399	\$1,216,693	\$926,844	\$738,651
Loans, gross	1,400,360	1,061,165	872,499	662,245	489,260
Deposits	1,649,392	1,238,323	1,033,756	809,149	660,146
Trust preferred securities	21,000	21,000	0	0	0
Convertible subordinated debentures	3,500	3,500	3,500	3,500	3,500
Long term debt	222,255	143,771	31,575	33,515	15,810
Stockholders' equity	\$ 96,270	93,836	80,086	62,357	53,126
Income Statement Data					
Net interest income	\$ 67,974	56,210	45,718	35,461	26,076
Provision for loan losses	5,104	2,612	2,814	1,751	1,128
Non-interest income	10,836	9,129	7,200	5,866	4,698
Non-interest expense	54,165	43,964	34,063	26,341	20,165
Income taxes	5,893	5,990	4,987	4,180	2,634
Net income	\$ 13,648	12,773	11,054	9,055	6,847
Per Share Data					
Book value.....	\$ 11.98	11.72	10.15	8.21	7.13
Basic net income	1.70	1.60	1.42	1.22	0.99
Diluted net income	1.66	1.57	1.40	1.20	0.97
Cash dividends declared	\$ 0.20	0.15	0.10	0.10	0.08
Weighted average outstanding shares	8,020	7,973	7,810	7,399	6,919
Ratios					
Return on average assets	0.72%	0.94%	1.03%	1.11%	1.08%
Return on average stockholders' equity	14.33%	14.84%	15.54%	15.64%	15.06%
Net interest margin, taxable equivalent	3.98%	4.60%	4.66%	4.86%	4.65%
Average stockholders' equity to average assets	5.02%	6.35%	6.60%	7.08%	7.20%
Excluding merger-related charges					
Net income	\$ 14,803	12,773	11,054	9,055	6,847
Basic net income per share	1.85	1.60	1.42	1.22	0.99
Diluted net income per share.....	\$ 1.80	1.57	1.40	1.20	0.97
Return on average assets	0.78%	0.94%	1.03%	1.11%	1.08%
Return on average stockholders' equity	15.54%	14.84%	15.54%	15.64%	15.06%

Represents shareholders' equity divided by the number of outstanding shares at period end.

Amounts and ratios exclude the impact of merger-related charges recorded in 1999 totaling \$1.2 million, net of tax, in connection with the merger of United Community Banks, Inc. and 1st Floyd Bankshares, Inc.

Risk Factors

INVESTORS SHOULD CAREFULLY CONSIDER THE FOLLOWING RISK FACTORS, IN ADDITION TO THE OTHER INFORMATION CONTAINED IN THIS PROSPECTUS, BEFORE PURCHASING ANY OF THE SECURITIES OFFERED HEREBY.

ARBITRARILY DETERMINED PUBLIC OFFERING PRICE MAY BE HIGHER THAN THE MARKET PRICE OF THE COMMON STOCK AFTER THE OFFERING

You may not be able to resell the common stock for the offering price or for any other amount because we arbitrarily determined the offering price. Our common stock is not traded on the Nasdaq Stock Market or a national securities exchange; therefore, we could not set the public offering price with reference to historical measures of our common stock's price performance in an active trading market. We did not retain an independent investment banking firm to assist in determining the offering price.

Please note that these securities are not bank accounts or deposits nor are they insured by the FDIC or any other state or federal agency.

An active trading market may not develop

Your purchase of our common stock may not be a liquid investment because no public trading market currently exists for our common stock. We are currently considering listing our stock on the Nasdaq Stock Market. There can be no assurance as to when, if ever, the stock will be listed. You should consider carefully the limited liquidity of your investment before purchasing any shares of our common stock. Wachovia Securities has not undertaken to, and will not, make a market in our common stock following the offering and we are not aware of anyone who intends to make a market in our common stock. Factors such as the limited size of the offering and the fact that our common stock will not be listed mean that an active and liquid market for our common stock probably will not develop in the near future. If a trading market does develop, it may not continue and you may not be able to sell your shares at or above the price at which these shares are being offered to the public.

The shares of common stock offered hereby will not be subject to any specific restrictions on transfer (with the exception of securities purchased by our directors, officers, and other affiliates) and will be freely transferable immediately upon issuance.

Changes in interest rates may adversely affect our business

Changes in net interest income. Our profitability is significantly

dependent on net interest income, which is the difference between interest income on interest-earning assets, such as loans, and interest expense on interest-bearing liabilities, such as deposits. Therefore, any change in general market interest rates, whether as a result of changes in monetary policies of the Federal Reserve Board or otherwise, can have a significant effect on net interest income. Our assets and liabilities may react differently to changes in overall market rates or conditions because there may be mismatches between the repricing or maturity characteristic of assets and liabilities. As a result, changes in interest rates can affect net interest income in either a positive or negative way.

Changes in the yield curve. Changes in the difference between short and long-term interest rates, commonly known as the yield curve, may also harm our business. For example, short-term deposits may be used to fund longer-term loans. When differences between short-term and long-term interest rates shrink or disappear, the spread between rates paid on deposits and received on loans could narrow significantly, decreasing our net interest income.

Forward-Looking Statements

This prospectus contains statements about future events and expectations which are characterized as forward-looking statements. Forward-looking statements are based on management's beliefs, assumptions, and expectations of our future economic performance, taking into account the information currently available to them. These statements are not statements of historical fact. Forward-looking statements involve risks and uncertainties that may cause our actual results, performance, or financial condition to differ materially from the expectations of future results, performance, or financial condition we express or imply in any forward-looking statements. Factors that could contribute to these differences include those discussed in "Risk Factors" and in other sections of this prospectus. The words believe, may, will, should, anticipate, estimate, expect, intend, objective, seek, strive, or similar words, or the negatives of these words, identify forward-looking statements. We qualify any forward-looking statements entirely by these cautionary factors.

The Offering

We are offering for sale to the public a minimum of 350,000 shares and a maximum of 450,000 shares of common stock at a price of \$38.00 per share. In the States of Georgia and Tennessee, the common stock offered hereby will be sold by certain of our executive officers, and no commission will be paid on such sales. To comply with securities requirements of the State of North Carolina, we have engaged Wachovia Securities, Inc., pursuant to the terms of a broker-dealer agreement dated March 31, 2000, to act as a broker-dealer for our account in effecting offers and sales of the common stock to investors in North Carolina at the public offering price. Wachovia Securities has no obligation to purchase any of the common stock. At the closing of the offering, Wachovia Securities will receive a fee of \$40,000 for its services. Whether or not the offering is completed, we will reimburse Wachovia Securities for its reasonable fees and expenses. We will indemnify Wachovia against certain liabilities, including civil liabilities under the Securities Act of 1933.

A minimum of 350,000 shares must be sold in the offering, or it will be terminated. The offering will terminate on June 5, 2000, subject to termination at an earlier date upon acceptance of subscriptions for all of the securities offered hereby or to extension for an additional period or periods up to 90 days from the date of this prospectus at our sole discretion. On the offering termination date, subscription funds will be returned to subscribers if 350,000 shares have not been subscribed, and we will receive all interest earned on any funds held by SunTrust Bank as escrow agent. Our officers will receive no compensation for selling the shares of common stock, but they will be reimbursed for reasonable expenses incurred by them in connection with the offering, such as travel, telephone, and similar expenses. Our affiliates who purchase shares in the offering have committed to purchase those shares for investment purposes.

How To Subscribe

The shares of common stock offered hereby will be first offered to current holders of our common stock in proportion to the amount of common stock owned by each on the date of this prospectus. No later than the close of business on May 22, 2000, our current shareholders who wish to subscribe for shares of common stock must submit a subscription agreement, attached as Exhibit A to this prospectus, and a check made payable to SunTrust Bank as escrow agent in the amount of the purchase price for the shares of common stock they wish to purchase. The subscription funds will be held in escrow at SunTrust Bank pending sale of a total of 350,000 shares. The number of shares of common stock initially subscribed for by each shareholder may not exceed an amount which is the same percentage of the maximum amount of shares of common stock being offered hereby, 450,000, as the percentage of outstanding common stock held by the shareholder on the date of this prospectus (0.056 shares for each 1 share of common stock owned by the current shareholders rounded to the nearest whole share). We may, in our discretion, allow shareholders to elect to have entities related to such shareholders, such as qualified retirement plans, purchase our common stock if permitted by, and subject to the terms and conditions of, such qualified retirement plans. Thereafter, we will offer that number of shares of common stock not subscribed for by current shareholders and accepted by us to members of the public who are residents of the States of Georgia, North Carolina, and Tennessee who may subscribe for blocks of whole shares of common stock consisting of at least 100 shares (unless otherwise agreed to by us).

Persons who wish to subscribe for shares of common stock must, prior to the termination of the offering:

- (1) Complete the appropriate portions of and sign the subscription agreement that is attached to this prospectus as Exhibit A to subscribe for at least 100 shares of common stock;
- (2) Make full payment of the aggregate purchase price for the shares subscribed in United States currency by check, bank draft, or money order payable to "SunTrust Bank, as Escrow Agent for United Community Banks, Inc."; and
- (3) Deliver the subscription agreement together with a check for full payment of the purchase price, to United Community Banks, Inc., Post Office Box 398, Blairsville, Georgia 30514, Attention: Lois Rich.

Subscriptions are not binding until accepted by us. We reserve the right to accept or reject subscriptions, in whole or in part, or to cancel the offering, in our sole discretion. All subscription payments received by us for the first 350,000 shares subscribed will be deposited in an interest-bearing escrow account at SunTrust Bank. If subscription funds for 350,000 shares are not received by the offering termination date, all subscription funds will be returned promptly to investors, and we will receive all interest earned on any funds held by SunTrust Bank as escrow agent. Once subscription funds for 350,000 shares have been received and placed in the escrow account, such proceeds and any interest earned thereon will be made available to us, as will the proceeds of any subsequent sales of shares.

Certificates representing the common stock purchased in the offering will be issued by us and mailed to subscribers as soon as practicable after acceptance of subscriptions. Rejected subscription payments will be returned to subscribers by mail, as soon as possible, but in no event later than 30 days after the occurrence of such rejection.

Determination of Offering Price

We determined the offering price for the common stock in light of factors such as recent sales of the common stock and our earnings for the three months ended March 31, 2000 and the year ended December 31, 1999, as well as our prospective earnings, an assessment of our management, the nature of our assets and liabilities, our future prospects and those of the banking industry in general, area and national economic conditions, interest rate environment, market prices of and demand for securities of institutions engaged in activities similar to our activities, and a comparison of prices of securities of other financial institutions to their earnings and book values.

No assurance can be given that investors in the offering will be able to resell their shares of common stock at a price equal to or greater than the offering price set forth on the cover page of this prospectus or that such price necessarily indicates the fair market value of the common stock.

Market For and Price Range of Common Stock

Since we began operations as a holding company in 1988, there has been no established market for our common stock. As of May 1, 2000, 8,442,990 shares of common stock were issued and outstanding, including 140,000 shares deemed outstanding pursuant to outstanding debentures and presently exercisable options to acquire 267,122 shares.

We are aware of approximately 118 sales of common stock in 2000 as of May 1, aggregating approximately 22,282 shares in blocks ranging from one share to 1,000 shares at prices ranging from \$38.00 per share to \$50.00 per share. We are aware of approximately 551 sales of common stock in 1999, aggregating approximately 168,000 shares in blocks ranging from one share to 4,136 shares at prices ranging from \$35.00 per share to \$55.00 per share, and of approximately 435 sales of common stock in 1998, aggregating approximately 170,000 shares in blocks ranging from one share to 4,000 shares at prices ranging from \$25.00 per share to \$50.00 per share. At December 31, 1999, there were 3,530 holders of record of common stock.

It is not expected that any active public market for the common stock will develop as a result of the completion of the offering or otherwise.

Use of Proceeds

The net proceeds from the sale of the shares of common stock offered hereby are estimated to be \$17 million after the deduction of estimated offering expenses, assuming the entire amount of common stock offered for sale hereby is subscribed. We intend to use these proceeds to provide capital for our subsidiary banks and for other corporate purposes including reduction of our debt.

Capitalization

The following table sets forth our consolidated capitalization at December 31, 1999, and as adjusted at that date to give effect to the sale of 350,000 and 450,000 shares of common stock and the application of the estimated resulting net proceeds as described in "Use of Proceeds." This table should be reviewed in conjunction with our Consolidated Financial Statements and the related notes thereto appearing elsewhere in this prospectus.

December 31, 1999
Dollars in thousands

	Actual	350,000 Shares As Adjusted	450,000 Shares As Adjusted
Long-Term Debt	\$222,255	\$222,255	\$222,255
Convertible Subordinated Debentures	3,500	3,500	3,500
Guaranteed preferred beneficial interests in Company's junior subordinated debentures (Trust Preferred Securities)	21,000	21,000	21,000
Stockholders' Equity:			
Preferred Stock, \$1.00 par value; 10,000,000 shares authorized, no shares issued and outstanding	-	-	-
Common stock, \$1.00 par value; 10,000,000 shares authorized, 8,034,268 shares issued and outstanding, 8,384,268 and 8,484,268 shares issued and outstanding, as adjusted for the 350,000 and 450,000 shares offered hereby	8,034	8,384	8,484
Capital surplus	30,310	43,140	46,840
Retained earnings	66,606	66,606	66,606
Accumulated other comprehensive income (loss)	(8,680)	(8,680)	(8,680)
Total stockholders' equity	96,270	109,450	113,250
Total capitalization	\$343,025	\$356,205	\$360,005

Gives effect to the application of the net proceeds of the offering.

Dividends

We paid cash dividends of \$0.20 per share of common stock to shareholders of record in 1999 and \$0.15 per share of common stock to shareholders of record in 1998. On April 1, 2000, we paid a dividend of \$0.075 per share. We presently intend to continue paying cash dividends on a quarterly basis on our common stock.

The amount and frequency of dividends will be determined by our Board of Directors in light of our earnings, capital requirements, and financial condition, and no assurance can be given that dividends on our common stock will be declared in the future. Further, our ability to pay cash dividends on the common stock will be dependent on cash dividends paid to us by our bank subsidiaries. The ability of our bank subsidiaries to pay dividends to us is restricted by applicable regulatory requirements.

Business

General

We were incorporated under the laws of Georgia in 1987 and commenced operations in 1988 by acquiring 100% of the outstanding shares of Union County Bank, now known as United Community Bank. We are a bank holding company registered under the Bank Holding Company Act of 1956. All of our activities are currently conducted by our wholly-owned subsidiaries:

- o United Community Bank, organized as a Georgia banking corporation in 1950;
- o Carolina Community Bank, Murphy, North Carolina, acquired in 1990;
- o Peoples Bank of Fannin County, Blue Ridge, Georgia, acquired in 1992;
- o Towns County Bank, Hiawassee, Georgia, acquired in 1992;
- o White County Bank, Cleveland, Georgia, acquired in 1995;
- o First Clayton Bank and Trust, Clayton, Georgia, acquired in 1997;
- o Bank of Adairsville, Adairsville, Georgia, acquired in 1999; and
- o 1st Floyd Bank, Rome, Georgia, acquired in 1999.

Our banks are community-oriented and offer a full range of retail and corporate banking services, including checking, savings, and time deposit accounts, secured and unsecured loans, wire transfers, trust services, and rental of safe deposit boxes. As of December 31, 1999, our banks operated a total of 34 locations. To emphasize the commitment to community banking, both United Community Bank and Peoples Bank of Fannin County operate offices under trade names that are closely identified with the communities in which they are located. United Community Bank operates two offices in Union County under the trade name "Union County Bank," two offices in Lumpkin County, Georgia, under the trade name "United Community Bank of Lumpkin County," two offices in Habersham County, Georgia, under the trade name "First Bank of Habersham," and one office in Hall County, Georgia, under the trade name "United Community Bank of Hall County." Peoples Bank of Fannin County operates one office in Gilmer County, Georgia, under the trade name of "United Community Bank of Gilmer County." The operation of bank offices under trade names is permissible under current state and federal banking regulations and requires certain customer disclosures, which both United Community Bank and Peoples Bank of Fannin County provide.

The Mortgage People Company, a division of United Community Bank, is a full-service retail mortgage lending operation approved as a seller/servicer for Federal National Mortgage Association and Federal Home Mortgage Corporation. The Mortgage People Company was organized to provide fixed and adjustable-rate mortgages. During 1999, it originated \$129 million of residential mortgage loans for the purchase of homes and to refinance existing mortgage debt, substantially all of which were sold along with the servicing rights into the secondary market with no recourse.

We operate two consumer finance companies - United Family Finance Co., which operates two offices in Georgia, and United Family Finance Co. of North Carolina, which operates two offices in North Carolina. In addition, we own an insurance agency, United Agencies, Inc.

Recent Developments

Pending Acquisitions. On March 3, 2000, we entered into an agreement to -----
acquire North Point Bancshares, Inc. of Dawsonville, Georgia, for 958,211 shares of our common stock in a transaction that will be accounted for as a pooling of interests. As of December 31, 1999, North Point had total consolidated assets of \$106.5 million, total liabilities of \$97.3 million, and total shareholders' equity of approximately \$9.2 million. The assets included \$29.1 million of

investment securities and \$61.0 million of loans, net of allowance for loan losses. Total liabilities included \$96.6 million of deposits, of which \$17.7 million were non-interest bearing demand deposits and \$78.9 million were interest bearing deposits.

On March 3, 2000, we entered into an agreement to acquire Independent Bancshares, Inc. of Powder Springs, Georgia, for 870,598 shares of our common stock in a transaction that will be accounted for as a pooling of interests. As of December 31, 1999, Independent had \$145.1 million of total assets, \$132.1 million of total liabilities, and \$13.1 million of total shareholders' equity. The assets included \$26.1 million of investment securities and \$100.5 million of loans, net of allowance for loan losses. Total liabilities included \$123.4 million of deposits, of which \$16.6 million were non-interest bearing demand deposits and \$106.8 million were interest bearing deposits.

At our shareholders' meeting to be held in the second quarter of 2000, our shareholders will be asked to approve an increase in our authorized common stock from 10,000,000 shares to 50,000,000 shares to provide sufficient shares to issue in the North Point and Independent acquisitions. The closings of those acquisitions are conditioned upon our shareholders' approval of the increase in common stock. There are sufficient shares currently available to issue to subscribers in this offering.

Services

Our banks are community-oriented, with an emphasis on retail banking, and offer such customary banking services as customer and commercial checking accounts, NOW accounts, savings accounts, certificates of deposit, lines of credit, MasterCard and VISA accounts, money transfers, and trust services. Our banks finance commercial and consumer transactions, make secured and unsecured loans, including residential mortgage loans, and provide a variety of other banking services.

The Mortgage People Company, a division of United Community Bank, is a full-service mortgage lending operation approved as a seller/servicer for the Federal National Mortgage Association and the Federal Home Mortgage Corporation and offers fixed and adjustable-rate mortgages.

United Family Finance Company, is a traditional consumer finance company. United Family Finance, formerly known as Mountain Mortgage and Loan Company, is based in Hiawassee, Georgia, and also has been granted a license to conduct business in Blue Ridge, Georgia. United Family Finance Co. of North Carolina operates two offices in Murphy and Franklin, North Carolina.

Markets

We conduct banking activities primarily through United Community Bank in Union, Lumpkin, and Habersham Counties; through Peoples Bank in Fannin County, Georgia and Polk County, Tennessee; through Towns County Bank in Towns County, Georgia; through Carolina Community Bank in Cherokee, Macon, Haywood, Graham, and Clay Counties, North Carolina; through White County Bank in White County, Georgia; through First Clayton Bank and Trust in Clayton County, Georgia; through Bank of Adairsville in Adairsville, Georgia; and through 1st Floyd Bank in Floyd County, Georgia. Mortgage People Company makes mortgage loans inside the banks' market areas. Customers of our subsidiary banks are primarily consumers and small businesses.

Deposits

Our banks offer a full range of depository accounts and services to both consumers and businesses. At December 31, 1999, our deposit base, totaling approximately \$1.6 billion, consisted of approximately \$192 million in non-interest-bearing demand deposits (12% of total deposits), approximately \$329 million in interest-bearing demand and money market deposits (20% of total

deposits), approximately \$74 million in savings deposits (4% of total deposits), approximately \$743 million in time deposits in amounts less than \$100,000 (45% of total deposits), and approximately \$312 million in time deposits of \$100,000 or more (19% of total deposits). Certificates of deposit in excess of \$100,000 may be more volatile than other deposits because those deposits, to the extent that they exceed \$100,000, are not insured by the FDIC. Our management is of the opinion that its time deposits of \$100,000 or more are customer-relationship oriented and represent a reasonably stable source of funds. Time deposits of less than \$100,000 include approximately \$70 million of "brokered" deposits, which have an average maturity of less than one year.

Loans

Our banks make both secured and unsecured loans to individuals and businesses. Secured loans include first and second real estate mortgage loans. The banks also make direct installment loans to consumers on both a secured and unsecured basis. At December 31, 1999, the break out of loans by collateral type is:

(dollar amounts in thousands)	Amount	Percent of Total Loans
Secured by real estate:		
Residential first liens	\$ 506,729	36.1%
Residential second liens	27,177	1.9%
Home equity lines of credit	53,191	3.8%
Construction and land development	161,774	11.6%
Non-farm, non-residential	355,269	25.4%
Farmland	16,173	1.2%
Multi-family residential	10,846	0.8%
	-----	-----
Total real estate	1,131,159	80.8%
Other Loans:		
Commercial and industrial	105,221	7.5%
Agricultural production	9,923	0.7%
States and municipalities	10,101	0.7%
Consumer installment loans	136,983	9.8%
Credit cards and other revolving credit	6,973	0.5%
	-----	-----
Total other loans	269,201	19.2%
	-----	-----
Total loans	\$1,400,360	100.0%
	=====	=====

Specific risk elements associated with each of the banks' lending categories are as follows:

Commercial, financial, and agricultural	Industry concentrations, inability to monitor the condition of collateral (inventory, accounts receivable, and vehicles), lack of borrower management expertise, increased competition, and specialized or obsolete equipment as collateral
Real estate - construction	Inadequate collateral and long-term financing agreements
Real estate - mortgage	Changes in local economy and rate limits on variable rate loans
Installment loans	to individuals Loss of borrower's employment, changes in local economy, and the inability to monitor collateral (vehicles, boats, and mobile homes)

Competition

The market for banking and bank-related services is highly competitive. Our banks actively compete in their respective market areas, which collectively cover portions of north Georgia and western North Carolina, with other providers of deposit and credit services. These competitors include other commercial banks, thrift institutions, credit unions, mortgage companies, and brokerage firms. The following table displays each of our banks and the respective percentage of total deposits in each county where each bank has operations. The darker shaded counties, Paulding, Cobb, Dawson, and Forsyth, represent the markets of our pending acquisitions of North Point and Independent. The table also indicates the ranking by deposit size in each of the local markets. All information in the table was obtained from the Federal Deposit Insurance Corporation Summary of Deposits as of June 30, 1999.

UNITED COMMUNITY BANKS

[The graphic on this page is a map that sets forth the market areas where each of United's subsidiary banks are located.]

United Community Banks, Inc.
Share of Local Market (County)
Banks and Savings Institutions

	Market Share	Rank in Market
United Community		
Habersham	15%	4
Lumpkin	24%	2
Union	83%	1
Carolina		
Cherokee	45%	1
Clay	64%	1
Graham	40%	1
Haywood	7%	6
Henderson	2%	13
Jackson	13%	3
Macon	7%	6
Swain	21%	2
Transylvania	6%	5
Fannin		
Fannin	59%	1
Gilmer	17%	3
White		
White	50%	1
Towns		
Towns	36%	2
First Clayton		
Rabun	29%	3
Adairsville		
Bartow	7%	7
Floyd		
Floyd	8%	6
Independent*		
Cobb	2%	11
Paulding	2%	5
North Point*		
Dawson	47%	1

* Pending acquisitions.

Management

Executive Officers

Our executive officers are elected by the Board of Directors annually in January and hold office until the following January unless they sooner resign or are removed from office by the Board of Directors.

Our executive officers, and their ages, positions, and terms of office as of February 1, 2000, are as follows:

Name (age)	Position with us	Position with our subsidiary banks	Officer since
Jimmy C. Tallent (47)	President, Chief Executive Officer and Director	Chairman of the Board of Union County Bank, Towns County Bank and White County Bank; Director of Carolina Community Bank, Peoples Bank, First Clayton Bank and Trust, Bank of Adairsville, 1st Floyd Bank and United Family Finance	1988
Thomas C. Gilliland (51)	Executive Vice President and Director	President, Chief Executive Officer and Vice Chairman of the Board of Peoples Bank; Executive Vice President and Director of United	1992
Billy M. Decker (56)	Senior Vice President, Director and Secretary	Senior Vice President, Director and Secretary of United Community Bank; Director of Carolina Community Bank	1988
Guy Freeman (64)	Senior Vice President	President, Chief Executive Officer and Director of Carolina Community Bank	1995
Christopher J. Bledsoe (36)	Senior Vice President and Chief Financial Officer	Director of United Family Finance	1993
Roger L. Bishop (50)	Senior Vice President and Chief Operations and Information Officer (prior to joining us, he served as Senior Vice President to Brintech, Inc., a consulting firm in New Smyrna Beach, Florida, from April of 1996 to August of 1998 and was a Senior Consultant for Alex Sheshunoff Management Services, Inc., a consulting firm of Austin, Texas, from March of 1994 to April of 1996)	None	1998

James G. Campbell (43)	Senior Vice President (prior to joining us in 1999, he served as Regional Community Bank President of Firststar Bank, NA in Bowling Green, Kentucky, successor by merger in 1998 to Trans Financial, Inc. Prior to the merger, he served as Executive Vice President of Trans Financial, from 1995 to 1998)	None	1999
Patrick J. Rusnak (36)	Vice President and Controller (prior to joining United, he was Senior Assistant Controller of Trans Financial, Inc., a bank holding company in Bowling Green, Kentucky, from 1994 to 1998)	None	1998

None of the above officers is related to another, and there are no arrangements or understandings between them and any other person pursuant to which any of them was elected as an officer.

Principal Shareholders

The following table lists information concerning the beneficial ownership of our common stock at May 1, 2000, by (i) each person known to us to beneficially own more than 5% of the common stock, (ii) each director and executive officer, and (iii) all directors and executive officers as a group. Except as set forth below, the stockholders named below have sole voting and investment power with respect to all shares of common stock shown as beneficially owned by them.

Shareholder	Number of Shares Owned Beneficially	Percent of Class
Jimmy C. Tallent	166,036	1.97%
Billy M. Decker	138,122	1.64%
Thomas C. Gilliland	183,931	2.18%
Robert H. Blalock	41,260	0.49%
Robert L. Head, Jr.	672,743	7.97%
Charles E. Hill	156,332	1.85%
Hoyt O. Holloway	48,085	0.57%

Deral P. Horne	25,000	0.30%
John R. Martin	57,633	0.68%
Clarence W. Mason, Sr.	30,382	0.36%
Zell B. Miller	1,000	0.01%
W.C. Nelson, Jr.	672,622	7.97%
Charles E. Parks	102,259	1.21%
Tim Wallis	53,829	0.64%
Christopher J. Bledsoe	22,633	0.28%
Guy W. Freeman	41,018	0.49%
All Directors and Executive Officers as a Group (19 persons)	2,418,635	28.65%

Includes 10,000 shares beneficially owned by Mr. Tallent pursuant to debentures and 37,000 shares beneficially owned pursuant to stock options exercisable within 60 days of May 1, 2000.

Includes 10,000 shares beneficially owned by Mr. Decker pursuant to debentures and 13,600 shares beneficially owned pursuant to stock options exercisable within 60 days of May 1, 2000. Does not include 9,613 shares owned by Mr. Decker's wife, for which he disclaims beneficial ownership.

Includes 6,270 shares beneficially owned by Mr. Gilliland as custodian for his children, 10,000 shares beneficially owned pursuant to debentures and 23,000 shares beneficially owned pursuant to stock options exercisable within 60 days of May 1, 2000.

Includes 80 shares owned by Mr. Blalock's minor children and 30,993 shares owned by Blalock Insurance Agency, Inc., a company owned by Mr. Blalock.

Includes 96,555 shares beneficially owned by a trust over which Mr. Head has voting power and 10,000 shares owned pursuant to the 2006 Debentures. Does not include 18,465 shares owned by Mr. Head's wife, for which he disclaims beneficial ownership. Mr. Head's address is Post Office Box 147, Blairsville, Georgia 30514.

Includes 10,000 shares beneficially owned by Mr. Hill pursuant to debentures. Does not include 77,455 shares owned by Mr. Hill's wife, for which he disclaims beneficial ownership.

Includes 10,000 shares beneficially owned pursuant to debentures and 35,565 beneficially owned by Holloway Motors, Inc., a company owned by Mr. Holloway. Does not include 485 shares owned by Mr. Holloway's wife, for which he disclaims beneficial ownership.

Includes 10,000 shares beneficially owned by Mr. Horne pursuant to debentures. Does not include 1,920 shares owned by Mr. Horne's wife, for which he disclaims beneficial interest.

Includes 10,000 shares beneficially owned by Mr. Mason pursuant to debentures. Does not include 16,958 shares owned by Mr. Mason's wife, for which he disclaims beneficial ownership.

Includes 11,250 shares beneficially owned by a trust over which Mr. Nelson has voting power and 10,000 shares owned pursuant to debentures. Does not include 15,005 shares owned by Mr. Nelson's wife, for which he disclaims beneficial ownership. Mr. Nelson's address is Post Office Box 127, Blairsville, Georgia 30514.

Includes 10,000 shares beneficially owned by Mr. Parks pursuant to debentures.

Includes 6,000 shares beneficially owned by Mr. Bledsoe pursuant to debentures and 10,500 shares beneficially owned pursuant to stock options exercisable within 60 days of May 1, 2000.

Includes 6,000 shares beneficially owned by Mr. Freeman pursuant to debentures and 21,500 shares beneficially owned pursuant to stock options exercisable within 60 days of May 1, 2000.

Includes 110,600 shares beneficially owned pursuant to stock options exercisable within 60 days of May 1, 2000, and 112,000 shares beneficially owned pursuant to debentures.

Description of Securities

The following is a summary of certain provisions of the common stock, preferred stock, debentures, and trust preferred securities.

General

Our authorized capital stock consists of 10,000,000 shares of common stock, \$1.00 par value per share, and 10,000,000 shares of preferred stock, \$1.00 par value per share. As of May 1, 2000, 8,442,990 shares of our common stock, including 140,000 shares deemed outstanding pursuant to outstanding debentures and presently exercisable options to acquire 267,122 shares of our common stock, were issued and outstanding and no shares of preferred stock were issued and outstanding.

Preferred Stock

We are authorized to issue 10,000,000 shares of preferred stock, issuable in such series and bearing such voting, dividend, conversion, liquidation, and other rights and preferences as the Board of Directors may determine. The preferred stock can be issued for any lawful corporate purpose without further action by the shareholders. The issuance of any preferred stock having conversion rights might have the effect of diluting the interests of the other shareholders. Shares of preferred stock could be issued with such rights, privileges, and preferences as would deter a further tender or exchange offer or to discourage the acquisition of control of us. The Board of Directors presently has no plans to issue any preferred stock.

Common Stock

All voting rights are vested in the holders of the common stock. Each holder of common stock is entitled to one vote per share on any issue requiring a vote at any meeting. The shares do not have cumulative voting rights in the election of directors. All shares of common stock are entitled to share equally in such dividends as our Board of Directors may declare on our common stock from sources legally available therefor. The determination and declaration of dividends is within the discretion of our Board of Directors. Our common stock will be entitled to receive on a pro rata basis, after payment or provision for payment of all our debts and liabilities, all of our assets available for distribution, in cash or in kind. The shares of common stock do not have preemptive rights to subscribe to additional shares of common stock.

The outstanding shares of common stock are, and the shares of common stock to be issued by us in connection with the offering will be, duly authorized, validly issued, fully paid, and nonassessable.

Debentures

Debentures in the principal amount of \$3,500,000 which are due on December 31, 2006, are outstanding as of the date hereof. The debentures bear interest at the rate of one quarter of one percentage point over the prime rate per annum as quoted in The Wall Street Journal, payable on April 1, July 1, October 1, and January 1 of each year commencing on April 1, 1997, to holders of record at the close of business on the 15th day of the month immediately preceding the interest payment date. Interest is computed on the basis of the actual number of days elapsed in a year of 365 or 366 days, as applicable. Interest on the debentures is payable, at the option of our Board of Directors, in cash or in an additional debenture with the same terms as the debentures.

The debentures may be redeemed, in whole or in part from time to time on or after January 1, 1998, at our option upon at least 20 days and not more than 60 days notice, at a redemption price equal to 100% of the principal amount of the debentures to be redeemed plus interest accrued and unpaid as of the date of redemption.

The holder of any debentures not called for redemption will have the right, exercisable at any time up to December 31, 2006, to convert such debenture at the principal amount thereof into shares of our common stock at the conversion price of \$25 per share, subject to adjustment for stock splits and stock dividends.

The debentures are unsecured obligations and are subordinate in right of payment to all of our obligations to our other creditors, except obligations ranking on a parity with or junior to such debentures. The debentures were not issued pursuant to an indenture nor is there a trustee to act on behalf of debenture holders.

Trust Preferred Securities.

In July 1998, we created a Delaware statutory business trust, which issued \$21 million of guaranteed preferred beneficial interests to institutional investors. These securities represent guaranteed preferred beneficial interests in \$21.7 million principal amount of junior subordinated deferrable interest debentures issued by us to the business trust. Holders of the securities are entitled to receive preferential cumulative cash distributions accumulating from the date of their original issuance and payable semi-annually. The distribution rate, distribution payment dates, and other payment dates for the securities correspond to the interest rate, interest payment dates, and other payment dates for the debentures. For regulatory purposes, the securities are treated as Tier I capital. The debentures are the sole assets of the business trust and bear interest at 8.125% with a maturity date of July 15, 2028. We may redeem the debentures, and the business trust may redeem the securities, in whole or in part, on or after July 15, 2008. If the debentures and the securities are redeemed in part or in whole prior to January 1, 2008, the redemption price will include a premium ranging from 4.06% in 2008 to 0.41% in 2017.

Transfer Agent and Registrar

The Transfer Agent and Registrar for our common stock and debentures is SunTrust Bank, 58 Edgewood Avenue, Room 200, Atlanta, Georgia 30303.

Shares Eligible For Future Sale

Upon completion of the offering, there will be between 8,792,990 and 8,892,990 shares of common stock outstanding (including 267,122 shares issuable pursuant to presently exercisable options and 140,000 shares issuable upon conversion of outstanding debentures). All of the shares offered hereby will be freely transferable, without restriction, under the Securities Act of 1933, unless acquired by one of our affiliates (as that term is defined under the Securities Act). Sales of substantial amounts of shares in the limited trading market following the offering could adversely affect the market price of the common stock. Since such stock is not listed on a stock exchange or quoted in the over-the-counter market, no shares can be sold under Rule 144 promulgated under the Securities Act.

Pro Forma Consolidated Financial Statements
(Unaudited)

The following unaudited pro forma consolidated financial statements have been prepared from the historical results of operations of United and to give effect to the pending acquisition of North Point Bancshares, Inc. and Independent Bancshares, Inc. using the pooling of interests method of accounting. These statements should be read in conjunction with our historical consolidated financial statements, including the notes thereto. The pro forma combined results are not necessarily indicative of the combined results of future operations.

United Community Banks, Inc. Subsidiaries
 Unaudited Pro Forma Consolidated Balance Sheet
 December 31, 1999
 (dollar amounts in thousands)

	Pending Mergers			Adjustments	Pro Forma Consolidated
	As Reported	Historical North Point	Historical Independent		
ASSETS					
Cash and due from banks	\$ 89,231	7,250	4,639		101,120
Federal funds sold	23,380	4,180	5,000		32,560
Cash and cash equivalents	112,611	11,430	9,639	--	133,680
Securities held to maturity (estimated fair values of \$3,784 and \$6,169)	--	3,762	7,226		10,988
Securities available for sale	534,503	25,372	18,834		578,709
Mortgage loans held for sale	6,326	--	--		6,326
Loans, net of unearned income	1,400,360	62,212	101,576		1,564,148
Less: Allowance for loan losses	(17,722)	(1,196)	(1,125)		(20,043)
Loans, net	1,382,638	61,016	100,451	--	1,544,105
Premises and equipment, net	47,365	2,746	5,543	--	55,654
Other assets	47,997	2,152	3,409		53,558
Total assets	\$ 2,131,440	106,478	145,102		2,383,020
LIABILITIES AND STOCKHOLDERS EQUITY					
Deposits:					
Demand	\$ 192,006	17,738	16,614		226,358
Interest bearing demand	328,815	26,991	38,333		394,139
Savings	73,953	5,350	5,169		84,472
Time	1,054,618	46,486	63,306		1,164,410
Total deposits	1,649,392	96,565	123,422	--	1,869,379
Accrued expenses and other liabilities	24,378	344	1,351		26,073
Federal funds purchased and repurchase agreements	31,812	389	--		32,201
Federal Home Loan Bank advances	287,572	--	6,707		294,279
Long-term debt and other borrowings	17,516	--	--		17,516
Convertible subordinated debentures	3,500	--	--		3,500
Guaranteed preferred beneficial interests in company's junior subordinated debentures (Trust Preferred Securities)	21,000	--	--		21,000
Total liabilities	2,035,170	97,298	131,480	--	2,263,948
Commitments and contingent liabilities:					
Redeemable common stock held by KSOP (44,432 shares outstanding)	--	--	577	--	577
Stockholders' Equity:					
Preferred stock	--	--	--	--	--
Common stock	8,034	2,142	1,948	(4,090)	9,812
Capital surplus	30,310	1,985	8,614	(10,599)	43,221
Retained earnings	66,606	5,629	2,822	75,057	148,114
Accumulated other comprehensive income (loss)	(8,680)	(576)	(339)	--	(9,595)
Total stockholders' equity	96,270	9,180	13,045	--	118,495
Total liabilities and stockholders' equity	\$ 2,131,440	106,478	145,102	--	2,383,020
Outstanding common shares	8,034				9,812
Book value per common share	\$ 11.98				12.08

United Community Banks, Inc. And Subsidiaries
 Unaudited Pro Forma Condensed Consolidated Statements of Income
 For the Year Ended December 31, 1999
 (dollar amounts in thousands)

	United As Reported -----	Pending Mergers -----		Adjustments -----	Pro Forma Consolidated -----
		Historical North Point -----	Historical Independent -----		
Interest income	\$149,740	8,156	11,096		168,992
Interest expense	81,766	3,629	4,805		90,200
Net interest income	67,974	4,527	6,291	--	78,792
Provision for loan losses	5,104	620	242		5,966
Net interest income after provision for loan losses	62,870	3,907	6,049	--	72,826
Non-interest income	10,836	625	1,103		12,564
Non-interest expense	54,165	3,070	4,746		61,981
Income before income taxes	19,541	1,462	2,406	--	23,409
Income taxes	5,893	453	785		7,131
Net income	\$ 13,648 =====	1,009 =====	1,621 =====	-- =====	16,278 =====
Basic earnings per share	\$ 1.70				1.66
Diluted earnings per share	\$ 1.66				1.63
Basic average shares outstanding	8,020				9,796
Diluted average shares outstanding	8,316				10,110

United Community Banks, Inc. And Subsidiaries
 Unaudited Pro Forma Condensed Consolidated Statements of Income
 For the Year Ended December 31, 1998
 (dollar amounts in thousands)

	United As Reported	Pending Mergers		Adjustments	Pro Forma Consolidated
		Historical North Point	Historical Independent		
Interest income	\$116,214	7,693	9,978		133,885
Interest expense	60,004	3,003	4,623		67,630
Net interest income	56,210	4,690	5,355	--	66,255
Provision for loan losses	2,612	200	202		3,014
Net interest income after provision for loan losses	53,598	4,490	5,153	--	63,241
Non-interest income	9,129	653	938		10,720
Non-interest expense	43,964	2,692	4,442		51,098
Income before income taxes	18,763	2,451	1,649	--	22,863
Income taxes	5,990	814	549		7,353
Net income	\$ 12,773	1,637	1,100	--	15,510
Basic earnings per share	\$ 1.60				1.59
Diluted earnings per share	\$ 1.57				1.56
Basic average shares outstanding	7,973				9,751
Diluted average shares outstanding	8,246				10,043

United Community Banks, Inc. And Subsidiaries
 Unaudited Pro Forma Condensed Consolidated Statements of Income
 For the Year Ended December 31, 1997
 (dollar amounts in thousands)

	United As Reported	Pending Mergers		Adjustments	Pro Forma Consolidated
		Historical North Point	Historical Independent		
Interest income	\$94,188	6,843	8,332		109,363
Interest expense	48,470	2,802	4,049		55,321
Net interest income	45,718	4,041	4,283	--	54,042
Provision for loan losses	2,814	175	262		3,251
Net interest income after provision for loan losses	42,904	3,866	4,021	--	50,791
Non-interest income	7,200	626	671		8,497
Non-interest expense	34,063	2,490	3,542		40,095
Income before income taxes	16,041	2,002	1,150	--	19,193
Income taxes	4,987	662	346		5,995
Net income	\$11,054	1,340	804	--	13,198
Basic earnings per share	\$ 1.42				1.41
Diluted earnings per share	\$ 1.40				1.40
Basic average shares outstanding	7,810				9,335
Diluted average shares outstanding	8,031				9,564

Legal Matters

The legality of the shares of common stock offered by this prospectus will be passed upon for us by Kilpatrick Stockton LLP, Atlanta, Georgia.

Experts

Our consolidated audited financial statements, incorporated into the registration statement of which this prospectus forms a part, have been incorporated in reliance upon the reports of Porter Keadle Moore, LLP, independent certified public accountants, and upon the authority of said firm as experts in accounting and auditing.

Where You Can Find More Information

This prospectus is part of a registration statement on Form S-3 that we have filed with the SEC covering the shares of common stock that we are offering. This prospectus does not contain all of the information presented in the registration statement, and you should refer to that registration statement with its exhibits for further information. Statements in this prospectus describing or summarizing any contract or other document are not complete, and you should review the copies of those documents filed as exhibits to the registration statement for more detail. You may read and copy the registration statement at the SEC's Public Reference Room at 450 Fifth Street, N.W., Washington, D.C. 20549. For information on the operation of the Public Reference Room, call the SEC at 1-800-SEC-0330. You can also inspect our registration statement on the Internet at the SEC's web site, <http://www.sec.gov>.

We are subject to certain informational reporting requirements of the Securities Exchange Act of 1934 and in accordance therewith files reports, proxy statements, and other information with the SEC. Such periodic reports, proxy statements and other information filed by us with the SEC can be inspected and copied at the public reference facilities maintained by the SEC's regional offices in New York (7 World Trade Center, Suite 1300, New York, New York 10048) and Chicago (Citicorp Center, 500 W. Madison, Suite 1400, Chicago, Illinois 60661), and copies of such material can be obtained from the public reference section of the SEC, 450 Fifth Street, N.W., Washington, D.C. 20549, or at the SEC's web site at <http://www.sec.gov>.

=====

No dealer, sales person, or other person has been authorized to give any information or to make any representations other than those contained in this prospectus, and, if given or made, such information or representations must not be relied upon as having been authorized by us. This prospectus does not

constitute an offer to sell or the solicitation of any offer to buy any security other than the securities to which it relates or an offer to sell or the solicitation of an offer to buy such securities in any circumstances in which such offer or solicitation is unlawful. Neither the delivery of this prospectus nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of United since the date hereof or that the information contained herein is correct as of any time subsequent to its date.

=====

A MINIMUM OF 350,000 AND A MAXIMUM OF
450,000 SHARES OF COMMON STOCK

UNITED COMMUNITY BANKS, INC.

PROSPECTUS

TABLE OF CONTENTS

	Page
Prospectus Summary	1
Risk Factors.....	4
Forward-Looking Statements.....	5
The Offering.....	6
Determination of Offering Price.....	7
Market For and Price Range of Common Stock.....	8
Use of Proceeds.....	8
Capitalization.....	8
Dividends.....	9
Business.....	10
Management.....	15
Principal Shareholders.....	16
Description of Securities.....	18
Shares Eligible for Future Sale.....	19
Pro Forma Consolidated Financial Statements.....	20
Legal Matters.....	25
Experts.....	25
Where You Can Find More Information.....	25
Index to Financial Statements.....	F-1

May 8, 2000

=====

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

Item 14. Other Expenses of Issuance and Distribution

The following sets forth the various expenses and costs expected to be incurred in connection with the sale and distribution of the securities being registered. All of the amounts shown are estimated except for the registration fees of the Securities and Exchange Commission:

Securities and Exchange Commission Registration Fee.....	\$ 4,514.40
Broker/Dealer Fee	40,000.00
Blue Sky Fees*	8,000.00
Printing, Engraving, and Mailing Expenses*.....	9,250.00
Legal Fees and Expenses*.....	35,000.00
Accounting and Consulting Fees and Expenses*.....	18,500.00
Escrow Fees.....	6,000.00

Total.....	\$ 121,264.40

* Estimate

Item 15. Indemnification of Directors and Officers

Our Bylaws require us to indemnify and hold harmless our directors, officers, and agents against judgments, fines, penalties, amounts paid in settlement, and expenses, including attorney's fees, resulting from various types of legal actions or proceedings if the actions of the party being indemnified meet the standards of conduct specified therein. Determination concerning whether or not the applicable standard of conduct has been met can be made by (a) a disinterested majority of the Board of Directors, (b) independent legal counsel, (c) an affirmative vote of a majority of shares held by the shareholders. No indemnification may be made to or on behalf of a corporate director, officer, employee or agent (I) in connection with a proceeding by or in the right of the corporation in which such person was adjudged liable on the basis that personal benefit was improperly received by him. As provided under Georgia law, the liability of a director may not be eliminated or limited (a) for any appropriation, in violation of his duties, of any business opportunity of United, (b) for acts or omissions which involve intentional misconduct or a knowing violation of law, (c) for unlawful corporate distributions or (d) for any transaction from which the director received an improper benefit.

Our directors and officers are insured against losses arising from any claim against them as such for wrongful acts or omissions, subject to certain limitations.

Item 16. Exhibits and Financial Statement Schedules

Exhibit No.	Exhibit
1.1*	Broker-Dealer Agreement between Wachovia Securities, Inc. and United Community Bank, Inc. dated March 31, 2000.
1.2*	Escrow Agreement between United Community Banks, Inc. and SunTrust Bank, N.A., dated March 31, 2000.
2.1*	Agreement and Plan of Reorganization dated March 3, 2000, between United Community Banks, Inc. and Independent Bancshares, Inc.
2.2*	Agreement and Plan of Reorganization dated March 3, 2000, between United Community Banks, Inc. and North Point Bancshares, Inc.
4.1(a)	Junior Subordinated Indenture of United with The Chase Manhattan Bank, as Trustee, relating to the Junior Subordinated Debentures (included as Exhibit 4.1 to our Registration Statement on Form S-4, File No. 333-64911, filed with the Commission on September 30, 1998 (the "1998 S-4") and incorporated herein by reference).
4.1(b)	Form of Certificate of Junior Subordinated Debenture (included as Exhibit 4.2 to the 1998 S-4 previously filed with the Commission and incorporated herein by reference).
4.1(c)	Certificate of Trust of United Community Capital Trust (included as Exhibit 4.3 to the 1998 S-4 previously filed with the Commission and incorporated herein by reference).
4.1(d)	Amended and Restated Trust Agreement for United Community Capital Trust (included as Exhibit 4.4 to the 1998 S-4 previously filed with the Commission and incorporated herein by reference).
4.1(e)	Form of New Capital Security Certificate for United Community Capital Trust (included as Exhibit 4.5 to the 1998 S-4 previously filed with the Commission and incorporated herein by reference).
4.1(f)	Guarantee of United relating to the Capital Securities (included as Exhibit 4.6 to the 1998 S-4 previously filed with the Commission and incorporated herein by reference).
4.1(g)	Registration Rights Agreement (included as Exhibit 4.7 to the 1998 S-4 previously filed with the Commission and incorporated herein by reference).
4.1(h)	Form of Floating Rate Convertible Subordinated Payable In Kind Debenture due December 31, 2006 (included as Exhibit 4.2 to our Registration Statement on Form S-1, File No. 33-93278, filed with the Commission on June 8, 1995, and incorporated herein by reference).
4.1(i)	Form of Subscription Agreement (included as Exhibit A to our Form S-1, File No. 333-20887, filed with the Commission on January 31, 1997, and incorporated by reference).
4.2(a)	See Exhibits 3.1 and 3.2 for provisions of Articles of Incorporation and By-Laws, as amended, which define the rights of Shareholders.

- 5* Opinion of Kilpatrick Stockton LLP.
- 12.1 Computation of ratio of earnings to fixed charges (included as Exhibit 12.1 to the 1998 S-4 previously filed with the Commission and incorporated herein by reference).
- 23.1* Consent of Porter Keadle Moore, LLP
- 23.2* Consent of Kilpatrick Stockton LLP (included in Exhibit 5).
- 24.1 Power of Attorney of certain officers and directors of United (included on Signature Page)
- 27.1 Financial Data Schedule.

=====
* Filed herewith.

Item 17. Undertakings

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers, and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the SEC such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

Signatures

Pursuant to the requirements of the Securities Act of 1933, United has duly caused this Registration Statement on Form S-3 to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Blairsville, State of Georgia, on the 4th day of May, 2000.

UNITED COMMUNITY BANKS, INC.

By: /s/ Jimmy C. Tallent
Jimmy C. Tallent
Title: President and Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed below by the following persons on behalf of United in the capacities set forth and on the 4th day of May, 2000.

/s/ Jimmy C. Tallent Jimmy C. Tallent	President, Chief Executive Officer, and Director (Principal Executive Officer)
* ----- Christopher J. Bledsoe	Senior Vice President and Chief Financial Officer (Principal Financial Officer)
* ----- Patrick J. Rusnak	Vice President and Controller (Principal Accounting Officer)
/s/ Robert L. Head, Jr. Robert L. Head, Jr.	Chairman of the Board
* ----- Billy M. Decker	Director
* ----- Thomas C. Gilliland	Director

*

Charles Hill

Director

*

Hoyt O. Holloway

Director

*

P. Deral Horne

Director

*

John R. Martin

Director

*

Clarence William Mason, Sr.

Director

*

Zell B. Miller

Director

*

W. C. Nelson, Jr.

Director

*

Charles E. Parks

Director

*

Tim Wallis

Director

* By: /s/ Jimmy C. Tallent
Jimmy C. Tallent, as attorney-in-fact

*By Robert L. Head, Jr.
Robert L. Head, Jr., as
attorney-in-fact

- -

EXHIBIT INDEX

Exhibit No.	Description of Exhibit
1.1	Broker-Dealer Agreement between Wachovia Securities, Inc. and United Community Bank, Inc. dated March 31, 2000.
1.2	Escrow Agreement between United Community Banks, Inc. and SunTrust Bank, N.A., dated March 31, 2000.
2.1	Agreement and Plan of Reorganization dated March 3, 2000, between United Community Banks, Inc. and Independent Bancshares, Inc.
2.2	Agreement and Plan of Reorganization dated March 3, 2000, between United Community Banks, Inc. and North Point Bancshares, Inc.
5 and 23.2	-- Opinion and Consent of Kilpatrick Stockton LLP
23.1	-- Consent of Porter Keadle Moore, LLP

EXHIBIT A

UNITED COMMUNITY BANKS, INC.
63 Highway 515
P.O. Box 398
Blairsville, Georgia 30514

SUBSCRIPTION FOR COMMON STOCK

United Community Banks, Inc. (the "Company") is offering to sell shares of Common Stock (the "Shares") at a price of \$38.00 per share.

The undersigned hereby tenders this subscription for the purchase of the number of Shares set forth below, to United Community Banks, Inc., P.O. Box 398, Blairsville, Georgia 30514, Attention: Lois Rich. The undersigned has also enclosed a CHECK, BANK DRAFT OR MONEY ORDER which represents the full subscription price, payable to "SunTrust Bank as escrow agent for United Community Banks, Inc."

The Shares purchased by the undersigned shall be registered as specified below. If Shares are to be issued in more than one name, please specify whether ownership is to be as individual owner, tenants in common, joint tenants with right of survivorship, community property, etc. If Shares are to be held in joint ownership, all joint owners should sign this subscription. If Shares are to be issued in the name of one person for the benefit of another, please indicate whether registration should be as trustee or custodian for such other person.

The undersigned certifies, acknowledges and agrees that:

1. The undersigned has received a copy of the Company's Prospectus and has read and considered the Prospectus, and by executing this subscription agreement, the undersigned acknowledges and agrees to all the terms and conditions of the offering as described in the Prospectus and all the terms and conditions of this subscription. The subscriber by executing this subscription is not waiving any rights available under applicable federal or state securities laws.
2. A subscription is not binding until accepted by the Company. The Company reserves the right to accept or reject a subscription, in whole or in part, in its sole discretion.
3. The undersigned acknowledges that there is no public market for the Shares, nor is a public market expected to develop after this offering.
4. The undersigned represents that he/she is (i) a resident of the State of Georgia, (ii) a resident of the State of North Carolina, or (iii) a resident of the State of Tennessee.

IN WITNESS WHEREOF, the undersigned has executed this subscription on the date set forth below and has returned the subscription, with the full subscription price for the Shares, to the Company.

=====
Clearly Print Name(s) in which Shares
are to be Registered:

Social Security Number (Complete
Form W-9 on reverse)

Mailing Address:

Telephone Number

(1) Pursuant to the offer of Shares to existing shareholders, please indicate:

Number of Shares Subscribed for: _____ at \$38.00 per Share for a Total Subscription Price of \$_____

___Check here if purchased within an IRA. Payment MUST be made by the IRA. Personal funds WILL NOT BE ACCEPTED.

___Check here if purchased within a 401k plan. Payment MUST be made by the plan. Personal funds WILL NOT BE ACCEPTED.

(2) If the offering is not fully subscribed for by existing shareholders based on their pre-emptive rights, please indicate how many additional shares you wish to purchase:_____. We will notify you of the availability pursuant to the offer of Shares to the general public.

Signature of Subscriber

Date

=====

YOU MUST COMPLETE, SIGN AND DATE THIS FORM AND SIGN AND DATE THE FORM W-9 BELOW. The Form W-9 is used by the Internal Revenue Service to certify Social Security and Tax Identification numbers. Please note the Exchange Agent, SunTrust Bank, Atlanta, may be required to withhold 31% of any dividend or cash payment made to an individual who has not certified his Social Security number through a Form W-9.

YOU MUST COMPLETE, SIGN AND DATE THIS FORM AND SIGN AND DATE THE FORM W-9 BELOW. The Form W-9 is used by the Internal Revenue Service to certify social security and tax identification numbers. Please note that the Company may be required to withhold 31% of any dividend or cash payment made to an individual who has not certified his social security number through a Form W-9.

SUBSTITUTE
FORM W-9
Department of the Treasury
Internal Revenue Service

Part 1 - PLEASE PROVIDE YOUR TIN IN THE
BOX AT RIGHT AND CERTIFY BY SIGNING AND
DATING BELOW

Social security number

OR

Employer identification number

Part 2 - Check the box if you are NOT
subject to backup withholding under the
provisions of section 3406(a)(1)(C) of the
Internal Revenue Code because (1) you have
not been notified that you are subject to
backup withholding as a result of failure
to report all interest or dividends or (2)
the Internal Revenue Service has notified
you that you are no longer subject to
backup withholding.

Payer's Request for Taxpayer
Identification Number (TIN)

CERTIFICATION -- UNDER THE PENALTIES OF PERJURY I
CERTIFY THAT THE INFORMATION ON THIS FORM
IS TRUE, CORRECT AND COMPLETE

Part 3 -
Awaiting TIN

/ /

SIGNATURE

DATE

EXHIBIT A

UNITED COMMUNITY BANKS, INC.
63 Highway 515
P.O. Box 398
Blairsville, Georgia 30514

SUBSCRIPTION FOR COMMON STOCK

United Community Banks, Inc. (the "Company") is offering to sell shares of Common Stock (the "Shares") at a price of \$38.00 per share.

The undersigned hereby tenders this subscription for the purchase of the number of Shares set forth below, to United Community Banks, Inc., P.O. Box 398, Blairsville, Georgia 30514, Attention: Lois Rich. The undersigned has also enclosed a CHECK, BANK DRAFT OR MONEY ORDER which represents the full subscription price, payable to "SunTrust Bank as escrow agent for United Community Banks, Inc."

The Shares purchased by the undersigned shall be registered as specified below. If Shares are to be issued in more than one name, please specify whether ownership is to be as individual owner, tenants in common, joint tenants with right of survivorship, community property, etc. If Shares are to be held in joint ownership, all joint owners should sign this subscription. If Shares are to be issued in the name of one person for the benefit of another, please indicate whether registration should be as trustee or custodian for such other person.

The undersigned certifies, acknowledges and agrees that:

1. The undersigned has received a copy of the Company's Prospectus and has read and considered the Prospectus, and by executing this subscription agreement, the undersigned acknowledges and agrees to all the terms and conditions of the offering as described in the Prospectus and all the terms and conditions of this subscription. The subscriber by executing this subscription is not waiving any rights available under applicable federal or state securities laws.
2. A subscription is not binding until accepted by the Company. The Company reserves the right to accept or reject a subscription, in whole or in part, in its sole discretion.
3. The undersigned acknowledges that there is no public market for the Shares, nor is a public market expected to develop after this offering.
4. The undersigned represents that he/she is (i) a resident of the State of Georgia, (ii) a resident of the State of North Carolina, or (iii) a resident of the State of Tennessee.

IN WITNESS WHEREOF, the undersigned has executed this subscription on the date set forth below and has returned the subscription, with the full subscription price for the Shares, to the Company.

=====
Clearly Print Name(s) in which
Shares are to be Registered:

Social Security Number (Complete
Form W-9 on reverse)

Mailing Address:

Telephone Number

Number of Shares Subscribed for: _____ at \$38.00 per Share for a Total
Subscription Price of \$_____

___Check here if purchased within an IRA. Payment MUST be made by the IRA.
Personal funds WILL NOT BE ACCEPTED.

___Check here if purchased within a 401k plan. Payment MUST be made by the plan.
Personal funds WILL NOT BE ACCEPTED.

Signature of Subscriber Date

=====
YOU MUST COMPLETE, SIGN AND DATE THIS FORM AND SIGN AND DATE THE FORM W-9 BELOW.
The Form W-9 is used by the Internal Revenue Service to certify Social Security
and Tax Identification numbers. Please note the Exchange Agent, SunTrust Bank,
Atlanta, may be required to withhold 31% of any dividend or cash payment made to
an individual who has not certified his Social Security number through a Form
W-9.

YOU MUST COMPLETE, SIGN AND DATE THIS FORM AND SIGN AND DATE THE FORM W-9 BELOW. The Form W-9 is used by the Internal Revenue Service to certify social security and tax identification numbers. Please note that the Company may be required to withhold 31% of any dividend or cash payment made to an individual who has not certified his social security number through a Form W-9.

SUBSTITUTE
FORM W-9
Department of the Treasury
Internal Revenue Service

Part 1 - PLEASE PROVIDE YOUR TIN IN THE
BOX AT RIGHT AND CERTIFY BY SIGNING AND
DATING BELOW

Social security number

OR

Employer identification number

Part 2 - Check the box if you are NOT
subject to backup withholding under the
provisions of section 3406(a)(1)(C) of the
Internal Revenue Code because (1) you have
not been notified that you are subject to
backup withholding as a result of failure
to report all interest or dividends or (2)
the Internal Revenue Service has notified
you that you are no longer subject to
backup withholding.

Payer's Request for Taxpayer
Identification Number (TIN)

CERTIFICATION -- UNDER THE PENALTIES OF PERJURY I
CERTIFY THAT THE INFORMATION ON THIS FORM
IS TRUE, CORRECT AND COMPLETE

Part 3 -
Awaiting TIN

/ /

SIGNATURE

DATE

BROKER-DEALER AGREEMENT

March 31, 2000

Wachovia Securities, Inc.
IJL Financial Center
201 North Tryon Street, Suite 2300
Charlotte, North Carolina 28202

Dear Sirs:

SECTION 1. Broker-Dealer Agreement. United Community Banks, Inc., a Georgia corporation (the "Company") proposes to issue, offer and sell a minimum of 350,000 shares and a maximum of 450,000 shares of its authorized but unissued Common Stock, par value \$1.00 per share (the "Common Shares") and intends to offer a portion of those securities in the State of North Carolina. In order that its offering meets the requirements of Chapter 78A of the North Carolina General Statutes ("Chapter 78A"), the Company must obtain the sponsorship of its offering by a North Carolina registered dealer.

Accordingly, the Company hereby appoints Wachovia Securities, Inc. ("WSI") as a sponsoring dealer and WSI accepts appointment under the provisions of Section 18 NCAC 6.1305 of the North Carolina Administrative Code. In that capacity, WSI will act as a sponsoring dealer for the account of the Company in connection with a public offering of the Common Shares in the State of North Carolina after the effective date of the registration statement hereinafter referred to. WSI will act as dealer on behalf of the Company in connection with effecting the offer and sale of the Common Shares in North Carolina to residents of North Carolina. In North Carolina, the sales of the Common Shares are to be made for the account of the Company at a price of \$38.00 per share, unless and until the Company establishes another price. WSI has not and will not be involved with determining the price of the shares to be sold in the public offering and shall have no financial commitment to purchase any of the Common Shares.

SECTION 2. Representations and Warranties of the Company. The Company hereby represents and warrants to WSI that:

(a) A registration statement on Form S-3 (the "Registration Statement") has been or will be filed with the Securities and Exchange Commission (the "Commission") with respect to the Common Shares and has been prepared by the Company in conformity with the requirements of the Securities Act of 1933, as amended (the "Act"), and the Commission's rules and regulations (the "Rules and Regulations"). The Company has

1

prepared and has filed or proposes to file prior to the effective date of such registration statement an amendment or amendments to such registration statement, which amendment or amendments have been or will be similarly prepared. There have been delivered to WSI a copy of such registration statement and amendments, as to which the prospectus (the "Prospectus") is a part, together with a copy of each exhibit filed therewith. The Company will next file with the Commission one of the following: (i) prior to effectiveness of such registration statement, a further amendment thereto, including the form of final Prospectus, or (ii) a final Prospectus in accordance with Rule 424(b) of the Rules and Regulations.

(b) The Commission has not issued any order preventing or suspending the use of the Prospectus and the Prospectus conforms in all material respects to the requirements of the Act and the Rules and Regulations and, as of its date, does not include any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; and at the time the Registration Statement becomes effective, and at all times subsequent thereto up to and including each Closing Date hereinafter mentioned, the Registration Statement and the Prospectus, and any amendments or supplements thereto, will contain all material statements and information required to be included therein by the Act and the Rules and Regulations and will in all material respects conform to the requirements of the Act and the Rules and Regulations, and neither the Registration Statement nor the Prospectus, nor any amendment or supplement thereto, will include any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; provided, however, no representation or warranty contained in this subsection 2(b) shall be applicable to information contained in or omitted from the Registration Statement, the Prospectus or any such amendment or supplement in reliance upon and in conformity with written information furnished to the Company by or on behalf of WSI, specifically for use in the preparation thereof.

(c) The Company is current in all filings of reports, financial statements and schedule requirements to be made with the Commission under the Securities Exchange Act of 1934 (the "Exchange Act").

(d) The Company and each of United Community Bank ("United"), Carolina Community Bank ("Carolina"), Peoples Bank of Fannin County ("Fannin"), Towns County Bank ("Towns"), White County Bank ("White"), First Clayton Bank and Trust ("First Clayton"), Bank of Adairsville ("Adairsville"), and 1st Floyd Bank ("Floyd"), (United, Carolina, Fannin, Towns, White, First Clayton, Adairsville and Floyd are collectively referred to herein as the "Subsidiaries") have been duly organized and are validly existing and in good standing under the laws of their respective jurisdictions of organization, with full power and authority to own and lease their properties and conduct their respective businesses as described in the Prospectus; except as disclosed in the Prospectus and the financial statements of the

Company, the Company, directly or indirectly, owns all of the outstanding capital stock of its Subsidiaries free and clear of all claims, liens, charges and encumbrances; the Company and each of its Subsidiaries are in possession of and operating in compliance with all banking, insurance and other applicable approvals, authorizations, licenses, permits, consents, certificates and orders material to the conduct of their respective businesses, all of which are valid and in full force and effect. The deposits in each of the Company's banking subsidiaries are insured by the Federal Deposit Insurance Corporation.

(e) The Company has authorized and outstanding capital stock as set forth under the heading "Capitalization" in the Prospectus; the issued and outstanding Common Shares have been duly authorized and validly issued, are fully paid and nonassessable, have been issued in compliance with all federal and state securities laws, were not issued in violation of or subject to any preemptive rights or other rights to subscribe for or purchase securities, and conform to the description thereof contained in the Prospectus. All issued and outstanding shares of capital stock of each Subsidiary have been duly authorized and validly issued, are fully paid and nonassessable and are owned directly or indirectly by the Company. Except as disclosed in or contemplated by the Prospectus and the financial statements of the Company and the related notes thereto included in the Prospectus, neither the Company nor any Subsidiary has outstanding any options to purchase, or any preemptive rights or other rights to subscribe for or to purchase, any securities or obligations convertible into, or any contracts or commitments to issue or sell, shares of its capital stock, or any such options, rights, convertible securities or obligations. The description of the Company's stock option, stock bonus and other stock plans or arrangements, and the options or other rights granted and exercised thereunder, set forth in the Prospectus accurately and fairly presents the information required to be shown with respect to such plans, arrangements, options and rights.

(f) The Common Shares to be sold by the Company have been duly authorized and, when issued, delivered and paid for in the manner set forth in this Agreement, will be duly authorized, validly issued, fully paid and nonassessable, and will conform to the description thereof contained in the Prospectus. No preemptive rights or other rights to subscribe for or purchase exist with respect to the issuance and sale of the Common Shares by the Company pursuant to this Agreement. No shareholder of the Company has any right which has not been waived to require the Company to register the sale of any share owned by such shareholder under the Act in the public offering contemplated by this Agreement. No further approval or authority of the shareholders or the Board of Directors of the Company will be required for the issuance and sale of the Common Shares to be sold by the Company as contemplated herein.

(g) The Company has full legal right, power and authority to enter into this Agreement and perform the transactions contemplated hereby. This Agreement has been duly authorized, executed and delivered by the Company and constitutes a valid and binding obligation of the Company in accordance with its terms, except to the extent enforceability may be limited by bankruptcy, insolvency, moratorium, reorganization or other laws affecting the rights of creditors

generally and by principles of equity, whether considered at law or equity. The making and performance of this Agreement by the Company and the consummation of the transactions herein contemplated will not violate any provisions of the articles of incorporation or bylaws, or other organizational documents, of the Company and will not conflict with, result in the breach or violation of, or constitute, either by itself or upon notice or the passage of time or both, a default under any agreement, mortgage, deed of trust, lease, franchise, license, indenture, permit or other instrument to which the Company is a party or by which the Company or any of its properties may be bound or affected, any statute or any authorization, judgment, decree, order, rule or regulation of any court or any regulatory body, administrative agency or other governmental body applicable to the Company or any of its properties. No consent, approval, authorization or other order of any court, regulatory body, administrative agency or other governmental body is required for the execution and delivery of this Agreement or the consummation of the transactions contemplated by this Agreement, except for compliance with the Act and Blue Sky securities laws applicable to the public offering of the Common Shares by the Company.

(h) Porter Keadle Moore, LLP, who have expressed their opinion with respect to the financial statements and schedules filed with the Commission as a part of the Registration Statement and included in the Prospectus and in the Registration Statement, or incorporated by reference therein, and are independent accountants as required by the Act and the Rules and Regulations.

(i) The combined financial statements and schedules of the Company and the related notes thereto included in the Registration Statement and the Prospectus present fairly the financial position of the Company as of the respective dates of such financial statements and schedules, and the results of operations and changes in financial position of the Company for the respective periods covered thereby. Such statements, schedules and related notes have been prepared in accordance with generally accepted accounting principles applied on a consistent basis as certified by Porter Keadle Moore, LLP. No other financial statements or schedules are required to be included in the Registration Statement. The selected financial data set forth in the Prospectus under the captions "Capitalization" and "Pro Forma Confidential Financial Statements" fairly present the information set forth therein on the basis stated in the Registration Statement. The pro forma financial information (including the related notes) included in the Prospectus complies as to form in all material respects to the applicable accounting requirements of the Act and the Rules and Regulations, and management of the Company believes that the assumptions underlying the pro forma adjustments are reasonable. Such pro forma adjustments have been properly applied to the historical amounts in the compilation of the information and such information fairly represents with respect to the Company the financial position, results of operations and other information purported to be shown therein at the respective dates and for the respective periods specified.

(j) The Company has disclosed in the Registration Statement and Prospectus all information it is required to disclose therein, and such Registration Statement and Prospectus are true and correct in every material respect and do not fail to disclose any information which if not disclosed would cause the Registration Statement and/or Prospectus to be materially misleading in any respect.

(k) The Company and each of its Subsidiaries maintains a system of internal accounting controls sufficient to provide reasonable assurances that (i) transactions are executed in accordance with management's general or specific authorization, (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and to maintain accountability for assets, (iii) access to assets is permitted only in accordance with management's general or specific authorization, and (iv) the recorded accountability for assets is compared with existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

SECTION 3. Representations and Warranties of WSI. WSI hereby represents and warrants to the Company that:

(a) The information set forth in the Prospectus that was furnished to the Company by and on behalf of WSI for use in connection with the preparation of the Registration Statement and the Prospectus is correct in all material respects;

(b) WSI is registered as a dealer under the requirements of Chapter 78A; and

(c) WSI will make all necessary filings with the National Association of Securities Dealers, Inc. (the "NASD") in connection with its services provided hereunder.

SECTION 4. Covenants of the Company. The Company covenants and agrees that:

(a) The Company will use its best efforts to cause the Registration Statement and any amendment thereof, if not effective at the time and date that this Agreement is executed and delivered by the parties hereto, to become effective. WSI will have the opportunity to review and approve the Registration Statement and any amendment thereto. The Company will promptly advise WSI in writing (i) of the receipt of any comments of the Commission, (ii) of any request of the Commission for amendment of or supplement to the Registration Statement (either before or after it becomes effective) or the Prospectus or for additional information, (iii) when the Registration Statement shall have become effective, and (iv) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or of the institution of any proceedings for that purpose. If the Commission shall enter any such stop order at any time, the Company will use its best efforts to obtain the lifting of such order at the earliest possible moment. The Company will not file any amendment or

supplement to the Registration Statement (either before or after it becomes effective) or the Prospectus of which WSI has not been furnished with a copy a reasonable time prior to such filing or to which WSI reasonably objects or which is not in compliance with the Act and the Rules and Regulations.

(b) The Company will prepare and file with the Commission, promptly upon WSI's request, any amendment or supplements to the Registration Statement or the Prospectus which in WSI's judgment may be necessary or advisable to enable WSI to continue the distribution of the Common Shares, and will use its best efforts to cause the same to become effective as promptly as possible. In addition, the Company will assist WSI in connection with WSI's filings with the NASD. The Company covenants that it will not commence the offering until such time as WSI has received any required approvals from the NASD.

(c) If at any time within the nine-month period referred to in Section 10(a)(3) of the Act during which a prospectus relating to the Common Shares is required to be delivered under the Act any event occurs, as a result of which the Prospectus, including any amendments or supplements, would include an untrue statement of a material fact, or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading, or if it is necessary at any time to amend the Prospectus, including any amendments or supplements, to comply with the Act or the Rules and Regulations, the Company will promptly advise WSI thereof and will promptly prepare and file with the Commission, at its own expense, an amendment or supplement which will correct such statement or omission or an amendment or supplement which will effect such compliance and will use its best efforts to cause the same to become effective as soon as possible; and, in case WSI is required to deliver a prospectus after such nine-month period, the Company upon request, but at the expense of WSI, will promptly prepare such amendment or amendments to the Registration Statement and such Prospectus or Prospectuses as may be necessary to permit compliance with the requirements of Section 10(a)(3) of the Act.

(d) The Company will timely file such reports pursuant to the Exchange Act as are necessary in order to make generally available to its security holders as soon as practicable an earnings statement for the purposes of, and to provide the benefits contemplated by, the last paragraph of Section 11(a) of the Act.

(e) During such period as a prospectus is required by law to be delivered in connection with sales by WSI, the Company, at its expense, but only for the nine-month period referred to in Section 10(a)(3) of the Act, will furnish to WSI or mail to the order of WSI copies of the Registration Statement and the Prospectus and all amendments and supplements to any such documents, in each case as soon as available and in such quantities as WSI may request, for the purposes contemplated by the Act.

(f) The Company shall qualify or register the Common Shares for sale under (or obtain exemptions from the application of) the Blue Sky securities law of North Carolina, will comply with such law and will continue such qualification, registration and exemption in effect so long as reasonably required for the distribution of the Common Shares. The Company will advise WSI promptly of the suspension of the qualification or registration of (or any such exemption relating to) the Common Shares for offering, sale or trading in any jurisdiction or

any initiation or threat of any proceeding for any such purpose, and in the event of the issuance of any order suspending such qualification, registration or exemption, the Company, with WSI's cooperation, will use its best efforts to obtain the withdrawal thereof.

(g) The Company will apply the net proceeds of the sale of the Common Shares sold by it substantially in accordance with its statements under the caption "Use of Proceeds" in the Prospectus.

WSI may, in its sole discretion, waive in writing the performance by the Company of any one or more of the foregoing covenants or extend the time for their performance.

SECTION 5. Payment of Fees and Expenses.

(a) The Company will pay to WSI at the closing of the offering a fee of \$40,000 for WSI's services performed hereunder; and

(b) Whether or not the transactions contemplated hereunder are consummated or this Agreement becomes effective or is terminated, the Company agrees to pay all costs, fees and expenses incurred in connection with the performance of its obligations hereunder and in connection with the transactions contemplated hereby and all reasonable fees and expenses of WSI, including reasonable fees and disbursements of WSI's counsel.

(c) The parties agree that, pursuant to clauses (a) and (b) above, if an offering is not consummated in accordance with the terms of this agreement, WSI will only be entitled to be reimbursed its actual out of pocket expenses.

SECTION 6. Effectiveness of Registration Statement. WSI and the Company will use their best efforts to cause the Registration Statement to become effective, to prevent the issuance of any stop order suspending the effectiveness of the Registration Statement and, if such stop order be issued, to obtain as soon as possible the lifting thereof.

SECTION 7. Indemnification.

(a) The Company agrees to indemnify and hold harmless WSI against any losses, claims, damages or liabilities to which WSI may become subject, under the Securities Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon: (i) any untrue statement or alleged untrue statement made by the Company in Section 2 of this Agreement; (ii) any untrue statement or alleged untrue statement of any material fact contained in (A) the Registration Statement or any amendment thereto, or (B) any application or other document, or any amendment or supplement thereto, executed by the Company or based upon written information furnished by or on behalf of the Company filed in any jurisdiction in order to qualify the Shares under the securities or blue sky laws thereof or filed with the Commission or any securities association or securities exchange (each an "Application"); or (iii) the omission or alleged omission to state in the Registration Statement or any amendment thereto or any Application, a material fact required to be stated therein or necessary to make the statements therein not misleading, and will reimburse WSI for any legal or other expenses

reasonably incurred by WSI in connection with investigating, defending against or appearing as a third-party witness in connection with any such loss, claim, damage, liability or action; provided, however, that the Company shall not be liable in any such case to the extent that any such loss, claim, damage, liability or action arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in the Registration Statement or any amendment thereto or any Application in reliance upon and in conformity with written information furnished to the Company by WSI expressly for inclusion in the Prospectus beneath the heading "The Offering". The Company will not, without the prior written consent of WSI, settle or compromise or consent to the entry of any judgment in any pending or threatened claim, action, suit or proceeding (or related cause of action or portion thereof) in respect of which indemnification may be sought hereunder (whether or not WSI is a party to such claim, action, suit or proceeding), unless such settlement, compromise or consent includes an unconditional release of WSI from all liability arising out of such claim, action, suit or proceeding or related cause of action or portion thereof.

(b) WSI agrees to indemnify and hold harmless the Company and its officers, directors, agents, representatives and affiliates against any losses, claims, damages or liabilities to which the Company or its officers, directors, agents, representatives and affiliates may become subject under the Securities Act or otherwise, insofar as such losses, claims, damages or liabilities (or actions in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in the Registration Statement or any amendment thereto or any Application or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in reliance upon and in conformity with written information furnished to the Company by WSI expressly for inclusion in the Prospectus beneath the heading "The Offering"; and will reimburse the Company for any legal or other expenses reasonably incurred by the Company in connection with investigating or defending any such loss, claim, damage, liability or action.

(c) Promptly after receipt by an indemnified party under subsection (a) and (b) above of notice of the commencement of any action, such indemnified party shall, if a claim in respect thereof is to be made against the indemnifying party under such subsection, notify the indemnifying party in writing of the commencement thereof; but the omission so to notify the indemnifying party shall not relieve it from any liability which it may have to any indemnified party otherwise than under such subsection. In case any such action shall be brought against any indemnified party and it shall notify the indemnifying party of the commencement thereof, the indemnifying party shall be entitled to participate therein and, to the extent that it shall wish, jointly with any other indemnifying party similarly notified, to assume the defense thereof, with counsel satisfactory to such indemnified party (who shall not, except with the consent of the indemnified party, be counsel to the indemnifying party); provided, however, that if the defendants in any such action included the indemnified party and the indemnifying party and the indemnified party shall have reasonably concluded that there may be one or more legal defenses available to it or other indemnified parties which are different from or additional to those available to the indemnifying party, the indemnifying party shall not have the right to assume the defense of such action on behalf of such indemnified party and such indemnified party shall have the right to select separate counsel to defend such action on behalf of such indemnified party. After such notice from the indemnifying party to

such indemnified party of its election so to assume the defense thereof and approval by such indemnified party of counsel appointed to defend such action, the indemnifying party will not be liable to such indemnified party under this Section 7 for any legal or other expenses, other than reasonable costs of investigation, subsequently incurred by such indemnified party in connection with the defense thereof, unless (i) the indemnified party shall have employed separate counsel in accordance with the proviso to the next preceding sentence (it being understood, however, that in connection with such action the indemnifying party shall not be liable for the expenses of more than one separate counsel (in addition to local counsel) in any one action or separate but substantially similar actions in the same jurisdiction arising out of the same general allegations or circumstances, which separate counsel shall be designated by WSI in the case of indemnity arising under paragraph (a) of this Section 7) or (ii) the indemnifying party has authorized the employment of counsel for the indemnified party at the expense of the indemnifying party. Nothing in this Section 7(c) shall preclude an indemnified party from participating at its own expense in the defense of any such action so assumed by the indemnifying party.

(d) If the indemnification provided for in this Section 7 is unavailable to or insufficient to hold harmless an indemnified party under subsection (a) or (b) above in respect of any losses, claims, damages or liabilities (or actions in respect thereof) referred to therein, then each indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages or liabilities (or actions in respect thereof) in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand and WSI on the other from the offering of the Common Shares. If, however, the allocation provided by the immediately preceding sentence is not permitted by applicable law or if the indemnified party failed to give the notice required under subsection (c) above, then each indemnifying party shall contribute to such amount paid or payable by such indemnified party in such proportion as is appropriate to reflect not only such relative benefits but also the relative fault of the Company on the one hand and WSI on the other in connection with the statements or omissions that resulted in such losses, claims, damages or liabilities (or actions in respect thereof), as well as any other relevant equitable considerations. The relative benefits received by the Company on the one hand and WSI on the other shall be deemed to be in the same proportion as the total net proceeds from the offering (before deducting expenses) received by the Company bear to the total fees received by WSI. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the Company on the one hand and WSI on the other and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Company and WSI agree that it would not be just and equitable if contributions pursuant to this subsection (d) were determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to above in this

subsection (d). The amount paid or payable by an indemnified party as a result of the losses, claims, damages or liabilities (or actions in respect thereof) referred to above in this subsection (d) shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action or claim. Notwithstanding the provisions of this subsection (d), WSI shall not be required to contribute any amount in excess of the fees described in Section 1 hereto. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

(e) The obligations of the Company under this Section 7 shall be in addition to any liability which the Company may otherwise have and shall extend, upon the same terms and conditions, to each person, if any, who controls WSI within the meaning of the Securities Act; and the obligations of WSI under this Section 7 shall be in addition to any liability which WSI may otherwise have and shall extend, upon the same terms and conditions, to each officer and director of the Company and to each person, if any, who controls the Company within the meaning of the Securities Act.

SECTION 8. Termination. Without limiting the right to terminate this Agreement pursuant to any other provision hereof:

(a) This Agreement may be terminated by the Company by notice to WSI or by WSI by notice to the Company at any time prior to the time this Agreement shall become effective as to all its provisions, and any such termination shall be without liability on the part of the Company to WSI (except for the fees and expenses to be paid or reimbursed by the Company, pursuant to Sections 5 and 7 hereof and except to the extent provided in Section 9 hereof) or of WSI to the Company (except for the expenses to be paid or reimbursed by WSI, pursuant to Section 7 hereof and except to the extent provided in Section 9 hereof).

(b) This Agreement may also be terminated by WSI by notice to the Company (i) if any adverse event shall have occurred or shall exist which makes untrue or incorrect in any material respect any statement or information contained in the Registration Statement or Prospectus or which is not reflected in the Registration Statement or Prospectus but should be reflected therein in order to make the statements or information contained therein not misleading in any material respect, or (ii) if there shall be any action, suit or proceeding pending or threatened; or there shall have been any development or prospective

development involving particularly the business or properties or securities of the Company or any of its Subsidiaries or the transactions contemplated by this Agreement which, in the reasonable judgment of WSI, may materially and adversely affect the Company's business or earnings and makes it impracticable or inadvisable to offer or sell the Common Shares. Any termination pursuant to this subsection (b) shall be without liability on the part of WSI to the Company or on the part of the Company to WSI (except for the fees and expenses to be paid or reimbursed by the Company pursuant to Sections 5 and 7 hereof and except to the extent provided in Section 9 hereof).

SECTION 9. Representations and Indemnities to Survive Delivery. The respective indemnities, agreements, representations, warranties and other statements of the Company, of the Company's officers and of WSI set forth in or made pursuant to this Agreement will remain in full force and effect, regardless of any investigation made by or on behalf of WSI, the Company, or any of its or their partners, officers or directors or any controlling person, as the case may be, and will survive delivery of and payment for the Common Shares sold hereunder and any termination of this Agreement.

SECTION 10. Notices. All communications hereunder shall be in writing and, if sent to WSI shall be mailed, delivered or telegraphed and confirmed to Wachovia Securities, Inc., IJL Financial Center, 201 North Tryon Street, Suite 2300, Charlotte, North Carolina, Attention: James H. Glen, Jr., with a copy to Smith, Helms, Mulliss & Moore, LLP, 201 North Tryon Street, Charlotte, North Carolina, 28202, Attention: Boyd C. Campbell, Jr.; and if sent to the Company shall be mailed, delivered or telegraphed and confirmed to the Company at P.O. Box 398, 63 Highway 515, Blairsville, Georgia 30512, with a copy to Kilpatrick Stockton LLP, Suite 2800, 1100 Peachtree Street, Atlanta, Georgia 30309, Attention: F. Sheffield Hale. The Company or WSI may change the address for receipt of communications hereunder by giving notice to the others.

SECTION 11. Successors. This Agreement will inure to the benefit of and be binding upon the parties hereto, and to the benefit of the officers and directors and controlling persons referred to in Section 7, and in each case their respective successors, personal representatives and assigns, and no other person will have any right or obligation hereunder. No such assignment shall relieve any party of its obligations hereunder. The term "successors" shall not include any purchaser of the Common Shares as such from WSI merely by reason of such purchase.

SECTION 12. Partial Unenforceability. The invalidity or unenforceability of any Section, paragraph or provision of this Agreement shall not affect the validity or enforceability of any other Section, paragraph or provision hereof. If any Section, paragraph or provision of this Agreement is for any reason determined to be invalid or unenforceable, there shall be deemed to be made such minor changes (and only such minor changes) as are necessary to make it valid and enforceable.

SECTION 13. Applicable Law. This Agreement shall be governed by and construed in accordance with the internal laws (and not the laws pertaining to conflicts of laws) of the State of North Carolina.

SECTION 16. General. This Agreement constitutes the entire agreement of the parties to this Agreement and supersedes all prior written or oral and all contemporaneous oral agreements, understandings and negotiations with respect to the subject matter hereof. This Agreement may be executed in several counterparts, each one of which shall be an original, and all of which shall constitute one and the same document.

In this Agreement, the masculine, feminine and neuter genders and the singular and the plural include one another. The section headings in this Agreement are for the convenience of the parties only and will not affect the construction or interpretation of this Agreement. This Agreement may be amended or modified, and the observance of any term of this Agreement may be waived, only by a writing signed by the Company.

If the foregoing is in accordance with WSI's understanding of our agreement, kindly sign and return to us the enclosed copies hereof, whereupon it will become a binding agreement among the Company and WSI, all in accordance with its terms.

Very truly yours,

UNITED COMMUNITY BANKS, INC.

By: /s/ Patrick J. Rusnak
Name: Patrick J. Rusnak
Title: Controller

WACHOVIA SECURITIES, INC.

By: /s/ Joe H. Glen, Jr.
Name: Joe H. Glen, Jr.
Title:

ESCROW AGREEMENT

THIS ESCROW AGREEMENT is entered into the ____ day of _____, 2000, by and among United Community Banks, Inc., a Georgia corporation, ("United"), Wachovia Securities, Inc., a North Carolina corporation ("WSI") and SunTrust Bank, a Georgia state chartered bank, as Escrow Agent ("Escrow Agent").

WHEREAS, United contemplates a public offering of a minimum of 350,000 shares (the "Minimum Purchase") up to a maximum of 450,000 shares of its common stock, par value \$1.00 per share (the "Common Stock") at a public offering price of \$38.00 per share (the "Offering"); and

WHEREAS, in connection with the Offering, United has filed a Registration Statement on Form S-3 (File No. 333-____) with the Securities & Exchange Commission (the "Registration Statement"); and

WHEREAS, pursuant to a Broker Dealer Agreement dated March 31, 2000, by and between United and WSI (the "Broker Dealer Agreement"), WSI agreed to act as a sponsoring Dealer in connection with the sale of Common Stock to investors in the State of North Carolina (the "NC Investors"); and

WHEREAS, under the terms of the Registration Statement, each investor in the Offering (each an "Investor" and cumulatively the "Investors") will be required to submit a subscription agreement for shares of Common Stock (cumulatively, the "Subscription Agreements"), along with the aggregate purchase price for shares of Common Stock subscribed for ("Subscription Proceeds" or "Fund"); and

WHEREAS, the parties intend that Escrow Agent receive the Subscription Agreements and the Subscription Proceeds from the Investors, and hold and distribute such Subscription Agreements and Subscription Proceeds in accordance with the terms and conditions set forth herein; and

WHEREAS, if subscriptions for the Minimum Purchase are not received and accepted by United by the specific date described in, or that date as extended pursuant to, the Registration Statement (the "Offering Termination Date"), all Subscription Proceeds are to be returned to each Investor;

NOW, THEREFORE, for and in consideration of the mutual covenants and agreements contained herein, the parties hereto agree as follows:

1. Appointment of Escrow Agent. (a) United hereby appoints Escrow Agent

for the purpose of holding the Subscription Agreements and Subscription Proceeds in accordance with the terms and conditions contained herein. Escrow Agent hereby accepts such appointment.

(b) Investors will be instructed to remit their Subscription Agreements and Subscription Proceeds (in the form of check, bank draft or money order payable to SunTrust Bank, as escrow agent for United Community Banks, Inc.) directly to United Community Banks, Inc. and United will promptly send Subscription Proceeds to SunTrust Bank.

2. Disposition. (a) Within one business day after receipt by United or

WSI of any Subscription Proceeds, it will forward those proceeds to Escrow Agent. WSI agrees to transmit any checks it receives to the Escrow Agent by noon on the day after receipt. Notwithstanding the foregoing, as described in Section 1(b) above, all checks shall be made payable to "SunTrust Bank, as escrow agent for United Community Banks, Inc."

(b) Within one (1) business day of United's receipt of any Subscription Agreements for any NC Investor, it will forward that Subscription Agreement to WSI.

(c) Upon receipt of a Subscription Agreement, United shall determine whether to accept or reject such Subscription Agreement, and shall notify Escrow Agent and WSI (if it is a NC Investor) in writing of same. Within two (2) business days of United's notice of rejection, United shall promptly return to the Investor who executed the rejected Subscription Agreement such Subscription Agreement and will direct the Escrow Agent to refund the amount tendered therewith.

(d) Upon receipt by Escrow Agent prior to the Offering Termination Date of Subscription Agreements and Subscription Proceeds for a Minimum Purchase which have been accepted in writing by United, the escrow will terminate and Escrow Agent shall (i) within two (2) business days of such receipt forward all Subscription Proceeds then held by it to United; and (ii) after WSI or United notifies Escrow Agent that the Minimum Purchase has been met, thereafter any additional proceeds shall be disbursed to United upon the written direction of United.

(e) In the event that on the Offering Termination Date, Escrow Agent is not in receipt of Subscription Proceeds for the Minimum Purchase which have been accepted in writing by United, Escrow Agent shall, after notification by United or WSI in writing of same, terminate the escrow and Escrow Agent shall promptly return all Subscription Proceeds delivered to it to each Investor and United will supply SunTrust with Subscription Agreements containing the addresses of the Investors.

(f) Escrow Agent shall invest any Subscription Proceeds received from Investors in short-term obligations of the United States government,

or certificates of deposit issued by SunTrust Bank as may be directed by United in writing, until termination of the escrow. In the absence of written directions, SunTrust will invest the Subscription Proceeds in short-term obligations of the United States government. United will be entitled to all interest earned on the escrow.

3. Fees. United agrees to compensate Escrow Agent in accordance with

its schedule for fees attached hereto as Exhibit A.

4. Termination of Escrow Funds; Payment of Interest. The Escrow

Agreement will terminate on the Offering Termination Date. United hereby agrees to provide Escrow Agent advance confirmation of the Offering Termination Date. Within two (2) business days of Escrow Agent's receipt of such notice, Escrow Agent shall forward to United all interest actually earned on Subscription Proceeds then held by Escrow Agent.

5. Legal Action. Escrow Agent shall be under no duty to take any legal

action in connection with this Agreement or towards its enforcement, or to appear, prosecute or defend any action or legal proceeding that would result in or might require it to incur any cost, expense, loss or liability, unless it shall have been indemnified with respect thereto in accordance with Paragraph 6 of this Agreement.

6. Indemnification. (a) Escrow Agent undertakes to perform only such

duties as are expressly set forth herein, and no additional duties or obligations shall be implied hereunder. In performing its duties under this Agreement, or upon the claimed failure to perform any of its duties hereunder, Escrow Agent shall not be liable to anyone for any damages, losses or expenses which may be incurred as a result of Escrow Agent so acting or failing to so act; provided, however, Escrow Agent shall not be relieved from liability for damages arising out of its proven gross negligence or willful misconduct under this Agreement. Escrow Agent shall in no event incur any liability with respect to (i) any action taken or omitted to be taken in good faith upon advice of legal counsel, which may be counsel to any party hereto, given with respect to any question relating to the duties and responsibilities of Escrow Agent hereunder or (ii) any action taken or omitted to be taken in reliance upon any instrument delivered to Escrow Agent and believed by it to be genuine and to have been signed or presented by the proper party or parties.

(b) United warrants to and agrees with Escrow Agent that, unless otherwise expressly set forth in this Agreement, there is no security interest in the Fund or any part of the Fund; no financing statement under the Uniform Commercial Code of any jurisdiction is on file in any jurisdiction claiming a security interest in or describing, whether specifically or generally, the Fund or any part of the Fund; and the Escrow Agent shall have no responsibility at any time to ascertain whether or not any security interest exists in the Fund or any part of the Fund or to file any financing statement under the Uniform Commercial Code of any jurisdiction with respect to the Fund or any part thereof.

(c) As an additional consideration for and as an inducement for Escrow Agent to act hereunder, it is understood and agreed that, in the event of any disagreement between the parties to this Agreement or among them or any other person(s) resulting in adverse claims and demands being made in connection with or for any money or other property involved in or affected by this Agreement, Escrow Agent shall be entitled, at the option of Escrow Agent, to refuse to comply with the demands of such parties, or any of such parties, so long as such disagreement shall continue. In such event, Escrow Agent shall make no delivery or other disposition of the Fund or any part of such Fund. Anything herein to the contrary notwithstanding, Escrow Agent shall not be or become liable to such parties or any of them for the failure of Escrow Agent to comply with the conflicting or adverse demands of such parties or any of such parties.

Escrow Agent shall be entitled to continue to refrain and refuse to deliver or otherwise dispose of the Fund or any part thereof or to otherwise act hereunder, as stated above, unless and until:

(1) the rights of such parties have been finally settled by binding arbitration or duly adjudicated in a court having jurisdiction of the parties and the Fund; or

(2) the parties have reached an agreement resolving their differences and have notified Escrow Agent in writing of such agreement and have provided Escrow Agent with indemnity satisfactory to Escrow Agent against any liability, claims or damages resulting from compliance by Escrow Agent with such agreement.

In the event of a disagreement between such parties as described above, Escrow Agent shall have the right, in addition to the rights described above and at the option of Escrow Agent, to tender into the registry or custody of any court having jurisdiction, all money and property comprising the Fund and may take such other legal action as may be appropriate or necessary, in the opinion of Escrow Agent. Upon such tender, the parties hereto agree that Escrow Agent shall be discharged from all further duties under this Agreement; provided, however, that the filing of any such legal proceedings shall not deprive Escrow Agent of its compensation hereunder earned prior to such filing and discharge of Escrow Agent of its duties hereunder.

(d) United agrees to pay Escrow Agent for its ordinary services hereunder the fees determined in accordance with and payable as specified in the Schedule of Fees set forth in Exhibit A attached hereto and made a part hereof. In addition, United agrees to pay to Escrow Agent its expenses incurred in connection with this Agreement, including but not limited to the actual cost of legal services in the event Escrow Agent deems it necessary to retain counsel. Such expenses shall be paid to Escrow Agent within 10 days following receipt by United of a written statement setting forth such expenses.

United agrees that, in the event any controversy arises under or in connection with this Agreement or the Fund or Escrow Agent is made a party to or intervenes in any litigation pertaining to this Agreement or the Fund, to pay to Escrow Agent reasonable compensation for its extraordinary services and to reimburse Escrow Agent for all costs and expenses associated with such controversy or litigation.

As security for all fees and expense to Escrow Agent hereunder and any and all losses, claims, damages, liabilities and expenses incurred by Escrow Agent in connection with its acceptance of appointment hereunder or with the performance of its obligations under this Agreement and to secure the obligation of United to indemnify Escrow Agent as provided herein, Escrow Agent is hereby granted a security interest in and a lien upon the Fund, which security interest and lien shall be prior to all other security interests, liens or claims against the Fund or any part thereof.

(e) Escrow Agent may resign at any time from its obligations under this Agreement by providing written notice to the parties hereto. Such resignation shall be effective on the date set forth in such written notice which shall be no earlier than 10 days after such written notice has been given. In the event no successor escrow agent has been appointed on or prior to the date such resignation is to become effective, Escrow Agent shall be entitled to tender into the custody of a court of competent jurisdiction all assets then held by it hereunder and shall thereupon be relieved of all further duties and obligations under this Agreement. Escrow Agent shall have no responsibility for the appointment of a successor escrow agent hereunder.

(f) Escrow Agent shall have no obligation to take any legal action in connection with this Agreement or towards its enforcement, or to appear in, prosecute or defend any action or legal proceeding which would or might involve it in any cost, expense, loss or liability unless security and indemnity, as provided in this paragraph, shall be furnished.

United agrees to indemnify Escrow Agent and its officers, directors, employees and agents and save Escrow Agent and its officers, directors, employees and agents harmless from and against any and all Claims (as hereinafter defined) and Losses (as hereinafter defined) which may be incurred by Escrow Agent or any of such officers, directors, employees or agents as a result of Claims asserted against Escrow Agent or any of such officers, directors, employees or agents as a result of or in connection with Escrow Agent's capacity as such under this Agreement by any person or entity. For the purposes hereof, the term "Claims" shall mean all claims, lawsuits, causes of action or other legal actions and proceedings of whatever nature brought against (whether by way of direct action, counterclaim, cross action or impleader) Escrow Agent or any such officer, director, employee or agent, even if groundless, false or fraudulent, so long as the claim, lawsuit, cause of action or other legal action or proceeding is alleged or determined, directly or indirectly, to arise out of, result from, relate to or be based upon, in whole or in part: (a) the acts or omissions of United, (b) the appointment of Escrow Agent as escrow agent under this Agreement, or (c) the performance by Escrow Agent of its powers and duties under this Agreement; and the term "Losses" shall mean losses, costs, damages, expenses, judgments and liabilities of whatever nature (including but not limited to attorneys', accountants' and other professionals' fees, litigation and court costs and expenses and amounts paid in settlement), directly or indirectly resulting from, arising out of or relating to one or more Claims. Upon the written request of Escrow Agent or any such officer, director, employee or agent (each referred to hereinafter as an "Indemnified Party"), United agrees to assume the investigation and defense of any Claim, including the employment of counsel acceptable to the applicable Indemnified Party and the payment of all expenses related thereto and, notwithstanding any such assumption, the Indemnified Party shall have the right, and United agrees to pay the cost and expense thereof, to employ separate counsel with respect to any such Claim and participate in the investigation and defense thereof in the event that such Indemnified Party shall have been advised by counsel that there may be one or more legal defenses available to such Indemnified Party which are different from or additional to those available to United. United hereby agrees that the indemnifications and protections afforded Escrow Agent in this section shall survive the termination of the Agreement.

In order to induce and as partial consideration for Escrow Agent's acceptance of this Agreement, United or WSI acknowledge that Escrow Agent is serving as escrow agent for the limited purposes set forth herein and each represent, covenant and warrant to Escrow Agent that no statement or representation, whether oral or in writing, has been or will be made to any prospective subscribers for any of the Common Stock to the effect that Escrow Agent has investigated the desirability or advisability of investment in the Common Stock or approved, endorsed or passed upon the merits of such investment or is otherwise involved in any manner with the transactions or events contemplated in the Parties' disclosure statements or subscription agreements, other than as Escrow Agent under this Agreement. It is further agreed that no party shall in any way use the name "SunTrust Bank" or "SunTrust Banks, Inc." in any sales presentation or literature except in the context of the duties of the Escrow Agent as escrow agent of the offering of the Common Stock in the strictest sense. Any breach or violation of the paragraph shall be grounds for immediate termination of the Agreement by Escrow Agent in accordance with the terms and provisions set forth herein.

Without limitation to any release, indemnification or hold harmless provision in favor of Escrow Agent as elsewhere provided in this Agreement, United covenants and agrees to indemnify Escrow Agent and its officers, directors, employees and agents and to hold Escrow Agent and such officers, directors, employees and agents harmless from and against all liability, cost, losses and expenses, including but not limited to attorneys' fees and expenses which are suffered or incurred by Escrow Agent or any such officer, director, employee or agent as a direct or indirect result of the threat or the commencement of any claim or proceeding against Escrow Agent or any such officer, director, employee or agent based in whole or in part upon the allegation of a misrepresentation or an omission of a material or significant fact in connection with the sale or subscription of any one or more of the Common Stock. Escrow Agent shall have no responsibility for approving or accepting on behalf of United any proceeds delivered to it hereunder, nor shall Escrow Agent be responsible for authorizing issuance of the Common Stock or for determining the qualification of any purchaser or the accuracy of the information contained in the Parties' disclosure statements or subscription agreements.

7. Interpleader. If the parties at any time are in disagreement about

the interpretation of this Agreement, or the rights and obligations hereunder, or the propriety of any action contemplated by the Escrow Agent hereunder, the Escrow Agent may, at its sole discretion, file an action in interpleader to resolve said disagreement. The Escrow Agent shall be indemnified by United for all costs, including reasonable attorney's fees, in connection with the aforesaid interpleader action, and shall be fully protected by United in suspending all or a part of its activities under this Agreement until a final judgment in the interpleader action is received.

8. Notices. All notices and other communications shall be in writing

and shall be deemed to have been given immediately if delivered personally, on receipt of facsimile transmission with original mailed via First Class Mail (provided such receipt is confirmed by the recipient), or five days after mailing by registered or certified mail (return receipt requested), postage prepaid to the parties to this Agreement at the following addresses or at such other address for a party as shall be specified by like notice:

(a) To United:

United Community Banks, Inc.
P.O. Box 398
Blairsville, Georgia 30512
Attn.: Christopher Bledsoe, Chief Financial Officer
Telephone: (706) 745-2151
Telecopy: (706) 745-4865
EIN: 58-1807304

(b) To WSI:

Wachovia Securities, Inc.
IJL Financial Center
201 North Tryon Street
Charlotte, North Carolina 28202
Attn.: James H. Glen, Jr.
Telephone: (704) 379-9217
Telecopy: (704) 379-9025

(c) To Escrow Agent:

SunTrust Bank
Corporate Trust Department
424 Church Street, 6th Floor
Nashville, Tennessee 37219
Attn.: Donna Williams
Telephone: (615) 748-4745
Telecopy: (615) 748-5331

9. Execution and Counterparts. This Agreement may be executed in any

number of counterparts, each of which shall be deemed an original, and all of
which shall constitute a single instrument.

10. Entire Agreement. This Agreement supersedes all prior discussions

and agreements between the parties with respect to the subject matter hereof,
and this Agreement contains the sole and entire agreement between the parties
with respect to the matters covered hereby and thereby. This Agreement shall not
be altered or amended, except by an instrument in writing, signed by or on
behalf of the parties hereto.

11. Governing Law. The validity and effect of this Agreement shall be

governed by and construed and enforced in accordance with the laws of the State
of Tennessee.

12. Successors and Assigns. Except for resignations permitted under the

terms hereof, this Agreement may not be assigned to any party hereto without the prior written consent of the other parties hereto. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, executors, legal representatives, successors and permitted assigns.

13. Partial Invalidity and Severability. All rights and restrictions

contained herein may be exercised and may be applicable and binding only to the extent that they do not violate any applicable laws and are intended to be limited to the extent necessary to render this Agreement legal, valid and enforceable. If any terms of this Agreement shall be held to be illegal, invalid or unenforceable by a court of competent jurisdiction or by a duly constituted arbitral tribunal, it is the intent of the parties that the remaining terms hereof shall constitute their Agreement with respect to the subject matter hereof and all such remaining terms shall remain in full force and effect.

14. Headings. The headings as to contents of particular paragraphs in

this Agreement are inserted only for convenience and shall not be construed as a part of this Agreement or as a limitation on the scope of any terms or provisions of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement under seal and caused this Agreement to be executed under seal by their duly authorized officers as of the day and year first above written.

(CORPORATE SEAL)

UNITED COMMUNITY BANKS, INC.

Attest:/s/ Billy M. Decker
Secretary

By: /s/ Christopher J. Bledsoe
Christopher J. Bledsoe
Chief Financial Officer

(CORPORATE SEAL)

WACHOVIA SECURITIES, INC.

Attest:_____ Secretary

By: /s/ Joe H. Glen, Jr.

(Signatures continued on following page)

(Signatures continued from previous page)

ESCROW AGENT:

SUNTRUST BANK

(BANK SEAL)

By: _____
Name: _____
Title: _____

EXHIBIT A

FEEES

THIS AGREEMENT AND PLAN OF REORGANIZATION (the "Agreement") is made and entered into as of this 3rd day of March, 2000, by and between INDEPENDENT BANCSHARES, INC., a Georgia business corporation (hereinafter "Independent," and unless the context otherwise requires, the term "Independent" shall include both Independent Bancshares, Inc. and its subsidiary Independent Bank & Trust Company ("Independent Bank")), and UNITED COMMUNITY BANKS, INC., a Georgia business corporation (hereinafter "United," and unless the context otherwise requires, the term "United" shall include United Community Banks, Inc. and its subsidiaries, United Community Bank, a Georgia banking corporation, Peoples Bank of Fannin County, a Georgia banking corporation, White County Bank, a Georgia banking corporation, Towns County Bank, a Georgia banking corporation, Bank of Adairsville, a Georgia banking corporation, Carolina Community Bank, a North Carolina banking corporation, First Clayton Bank & Trust Company, a Georgia banking corporation, 1st Floyd Bank, a Georgia banking corporation and United Family Finance Company, a Georgia business corporation).

R E C I T A L S:

WHEREAS, the respective boards of directors of Independent and United deem it advisable and in the best interests of each such entity and their respective shareholders that Independent merge with United (the "Merger"), with United being the surviving corporation and with all of the issued and outstanding shares of common stock, \$1.00 par value per share, of Independent ("Independent Stock") being converted into the right to receive shares of the authorized common stock, \$1 par value per share, of United ("United Stock"), all upon the terms and conditions hereinafter set forth and as set forth in the Agreement and Plan of Merger attached hereto as Exhibit A and incorporated herein by reference (the "Merger Agreement"); and

WHEREAS, the boards of directors of the respective entities believe that the merger of Independent and United and the synergies produced thereby will greatly enhance and strengthen the franchises and future prospects of both companies;

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants and agreements herein contained, and other good and valuable consideration, the receipt and adequacy of which as legally sufficient consideration are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I

CLOSING

The transactions contemplated herein shall be consummated (the "Closing") at the offices of Kilpatrick Stockton LLP, Suite 2800, 1100 Peachtree Street, Atlanta, Georgia, on the first business day following receipt of all approvals from any governmental authorities having jurisdiction over the

transactions contemplated by this Agreement and the Merger Agreement, and the expiration of any waiting or similar period required by applicable law (the "Closing Date"), or at such other time and place as may be mutually satisfactory to the parties hereto.

ARTICLE II

MERGER

Pursuant to the terms and conditions provided herein, on the Closing Date Independent and United shall be merged in accordance with and in the manner set forth in the Merger Agreement. The surviving corporation following the Merger will operate under the Articles of Incorporation of United and will be the parent holding company of Independent Bank & Trust Company, a Georgia banking corporation, United Community Bank, a Georgia banking corporation, Peoples Bank of Fannin County, a Georgia banking corporation, White County Bank, a Georgia banking corporation, Towns County Bank, a Georgia banking corporation, Bank of Adairsville, a Georgia banking corporation, Carolina Community Bank, a North Carolina banking corporation, Clayton Bank & Trust Company, a Georgia banking corporation, 1st Floyd Bank, a Georgia banking corporation and United Family Finance Company, a Georgia business corporation, the latter nine of which are currently wholly-owned subsidiaries of United. Upon the terms and conditions of this Agreement and the Merger Agreement, United shall make available on or before the Effective Date (as defined in the Merger Agreement) for delivery to the holders of Independent Stock (i) the number of shares of United Stock to be issued upon conversion of the shares of Independent Stock and (ii) sufficient funds to provide for cash payments in lieu of the issuance of fractional shares as provided in the Merger Agreement, provided, however, that unless and until a holder of Independent Stock entitled to receive United Stock pursuant to the Merger shall have surrendered his Independent Stock certificate(s) or unless otherwise required by law, the holder of such certificate(s) shall not have any right to receive payment of any dividends or other distributions on the shares of United Stock or receive any notices sent by United to its shareholders or to vote such shares.

ARTICLE III

OTHER AGREEMENTS

3.1 Registration of United Stock. United agrees to file with

the Securities and Exchange Commission (the "SEC") as soon as reasonably practical a registration statement (the "United Registration Statement") under the Securities Act of 1933, as amended (the "1933 Act"), on Form S-4 or some other appropriate form covering the issuance of the shares of United Stock to the shareholders of Independent pursuant to this Agreement and the Merger Agreement and to use its reasonable best efforts to cause the United Registration Statement to become effective and to remain effective through the Closing Date. United agrees to take any action required to be taken under the applicable state securities laws in connection with the issuance of shares of United Stock upon consummation of the Merger. Independent agrees to provide United reasonable assistance as necessary in the preparation of the United Registration Statement, including, without limitation, providing United with all

material facts regarding the operations, business, assets, liabilities and personnel of Independent, together with the audited financial statements of Independent, all as required by the 1933 Act and the rules, regulations and practices of the SEC, for inclusion in the United Registration Statement. The United Registration Statement shall not cover resales of United Stock by any of the shareholders of Independent, and United shall have no obligation to cause the United Registration Statement to continue to be effective after the Closing or to prepare or file any post-effective amendments to the United Registration Statement after the Closing.

3.2 Meeting of Shareholders of Independent. Independent shall

call a special meeting of its shareholders (the "Special Meeting") to be held not more than forty-five (45) days after the United Registration Statement becomes effective under the 1933 Act for the purpose of submitting the Merger Agreement to such shareholders for their approval. In connection with the Special Meeting, United and Independent shall prepare and submit to the Independent shareholders a notice of meeting, proxy statement and proxy (the "Independent Proxy Materials"), which shall include the final prospectus from the United Registration Statement in the form filed with the SEC.

3.3 Absence of Brokers. Each party hereto represents and

warrants to the other that no broker, finder or other financial consultant has acted on its behalf in connection with this Agreement or the transactions contemplated hereby. Each party agrees to indemnify the other and hold and save it harmless from any claim or demand for commissions or other compensation by any broker, finder, financial consultant or similar agent claiming to have been employed by or on behalf of such party.

3.4 Access to Properties, Books, Etc. Each party hereto shall

allow the other party and its authorized representatives full access during normal business hours from and after the date hereof and prior to the Closing Date to all of the respective properties, books, contracts, commitments and records of such party and its subsidiaries and shall furnish the other party and its authorized representatives such information concerning its affairs and the affairs of its subsidiaries as the other party may reasonably request provided that such request shall be reasonably related to the transactions contemplated by this Agreement and shall not interfere unreasonably with normal operations. Each party shall cause its and its subsidiaries' personnel, employees and other representatives to assist the other party in making any such investigation. During such investigation, the investigating party and its authorized representatives shall have the right to make copies of such records, files, tax returns and other materials as it may deem advisable and shall advise the other party of those items of which copies are made. No investigation made heretofore or hereafter by either party and its authorized representatives shall affect the representations and warranties of either such party hereunder.

3.5 Confidentiality. Prior to consummation of the Merger, the

parties to this Agreement will provide one another with information which may be deemed by the party providing the information to be confidential. Each party agrees that it will hold confidential and protect all information provided to it by the other party to this Agreement or such party's affiliates, except that the obligations contained in this Section 3.5 shall not in any way restrict the rights of any party or person to use information that (i) was known to such party prior to the disclosure by the other party; (ii) is or becomes generally available to the public other than by breach of this Agreement; (iii) is

provided by one party for disclosure concerning such party in the United Registration Statement; or (iv) otherwise becomes lawfully available to a party to this Agreement on a nonconfidential basis from a third party who is not under an obligation of confidence to the other party to this Agreement. If this Agreement is terminated prior to the Closing, each party hereto agrees to return all documents, statements and other written materials, whether or not confidential, and all copies thereof, provided to it by or on behalf of the other party to this Agreement. The provisions of this Section 3.5 shall survive termination, for any reason whatsoever, of this Agreement, and, without limiting the remedies of the parties hereto in the event of any breach of this Section 3.5, the parties hereto will be entitled to seek injunctive relief against the other party in the event of a breach or threatened breach of this Section 3.5.

3.6 Full Cooperation. The parties shall cooperate fully with

each other in connection with any acts or actions required to be taken as part of their respective obligations under this Agreement.

3.7 Expenses. All of the expenses incurred by United in

connection with the authorization, preparation, execution and performance of this Agreement and the Merger Agreement including, without limitation, all fees and expenses of its agents, representatives, counsel and accountants and the fees and expenses related to filing the United Registration Statement and all regulatory applications with state and federal authorities in connection with the transactions contemplated hereby and thereby, shall be paid by United. All expenses incurred by Independent in connection with the authorization, preparation, execution and performance of this Agreement and the Merger Agreement, including, without limitation, all fees and expenses of its agents, representatives, counsel and accountants for Independent (except for the cost of reproducing and mailing the Independent Proxy Materials which shall be equally divided between United and Independent), shall be paid by Independent.

3.8 Preservation of Goodwill. Each party hereto shall use its

best efforts to preserve its business organization and the business organization of its subsidiaries, to keep available the services of its present employees and of the present employees of its subsidiaries, and to preserve the goodwill of customers and others having business relations with such party or its subsidiaries.

3.9 Approvals and Consents. Each party hereto represents and

warrants to and covenants with the other that it will use its best efforts, and will cause its officers, directors, employees and agents and its subsidiaries and any subsidiary's officers, directors, employees and agents to use their best efforts, to obtain as soon as is reasonably practicable all approvals and consents of state and federal departments or agencies required or deemed necessary for consummation of the transactions contemplated by this Agreement and the Merger Agreement.

3.10 Agreement by Independent Executive Officers and

Directors.

Each of the directors and executive officers of Independent will, contemporaneously with the execution of this Agreement, execute and deliver to United an agreement, the form of which is attached hereto as Exhibit B, pursuant to which each of them agrees, subject to their fiduciary duty, (i) to recommend to Independent shareholders approval of the Merger, (ii) to vote the capital stock of Independent owned or controlled by them in favor of the Merger, and (iii) to transfer or assign shares of United Stock received by them in connection with the Merger only in compliance with the 1933 Act, applicable state securities laws and the rules and regulations promulgated under either.

3.11 Press Releases. Prior to the Effective Date, Independent

and United shall agree with each other as to the form and substance of any press release or other public disclosure materially related to this Agreement or any other transaction contemplated hereby; provided, however, that nothing in this Section 3.11 shall be deemed to prohibit any Party from making any disclosure which its counsel deems necessary or advisable in order to satisfy such Party's disclosure obligations imposed by law.

3.12 Employee Benefits and Contracts. Following the Effective

Date, United shall provide generally to officers, employees and former employees of Independent who continue employment with United employee benefits on terms and conditions which, when taken as a whole, are substantially similar to those then currently provided by United to its other similarly situated officers, employees and former employees. For purposes of eligibility to participate and any vesting determinations in connection with the provision of any such employee benefits, service with Independent prior to the Effective Date shall be counted. United shall also honor in accordance with their terms all employment, severance, consulting, option and other contracts of a compensatory nature to the extent disclosed in the Independent Disclosure Memorandum between Independent and any current or former director, officer or employee thereof and no other contracts of the types described that are not so disclosed shall be deemed to be assumed by United by reason of this Section 3.12. If, during the calendar year in which falls the Effective Date, United shall terminate any "group health plan", within the meaning of Section 4980B(g)(2) of the Internal Revenue Code, in which one or more Independent employees participated immediately prior to the Effective Date (a "Independent Plan"), United shall cause any successor group health plan to waive any underwriting requirements; to give credit for any such Independent employee's participation in the Independent Plan prior to the Effective Date for purposes of applying any pre-existing condition limitations set forth therein; and to give credit for covered expenses paid by any such Independent employee under a Independent Plan prior to the Effective Date towards satisfaction of any annual deductible limitation and out-of-pocket maximum applied under such successor group health plan. United also shall be considered a successor employer for and shall provide to "qualified beneficiaries", determined immediately prior to the Effective Date, under any Independent Plan appropriate "continuation coverage" (as those terms are defined in Section 4980B of the Internal Revenue Code) following the Effective Date under either the Independent Plan or any successor group health plan maintained by United.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF INDEPENDENT

As an inducement to United to enter into this Agreement and to consummate the transactions contemplated hereby, Independent represents, warrants, covenants and agrees as follows:

4.1 Independent Disclosure Memorandum. By March 17, 2000,

Independent will deliver to United a memorandum (the "Independent Disclosure Memorandum") containing certain information regarding Independent as indicated at various places in this Agreement. All information set forth in the Independent Disclosure Memorandum or in documents incorporated by reference in the Independent Disclosure Memorandum is true, correct and complete, does not omit to state any fact necessary in order to make the statements therein not misleading, and shall be deemed for all purposes of this Agreement to constitute part of the representations and warranties of Independent under this Article IV. The information contained in the Independent Disclosure Memorandum shall be deemed to be part of and qualify all representations and warranties contained in this Article IV and the covenants in Article V to the extent applicable. All information in each of the documents and other writings furnished to United pursuant to this Agreement or the Independent Disclosure Memorandum is or will be true, correct and complete and does not and will not omit to state any fact necessary in order to make the statements therein not misleading. Independent shall promptly provide United with written notification of any event, occurrence or other information necessary to maintain the Independent Disclosure Memorandum and all other documents and writings furnished to United pursuant to this Agreement as true, correct and complete in all material respects at all times prior to and including the Closing. Independent agrees that upon receipt of the Independent Disclosure Memorandum, United shall have until March 24, 2000 to review the Independent Disclosure Memorandum and to terminate this Agreement if for any reason in its sole discretion United believes that proceeding with the Merger in light of the contents of such memorandum would be detrimental to United.

4.2 Corporate and Financial.

4.2.1 Authority. Subject to the approval of various

state and federal regulators and Independent Shareholders, the execution, delivery and performance of this Agreement and the other transactions contemplated or required in connection herewith will not, with or without the giving of notice or the passage of time, or both, (a) violate any provision of federal or state law applicable to Independent, the violation of which could be reasonably expected to have a material adverse effect on the business, operations, properties, assets, financial condition or prospects of Independent; (b) violate any provision of the articles of incorporation or bylaws of Independent; (c) conflict with or result in a breach of any provision of, or termination of, or constitute a default under any instrument, license, agreement, or commitment to which Independent is a party, which, singly or in the aggregate, could reasonably be expected to have a material adverse effect on the business, operations, properties, assets, financial condition or prospects of Independent; or (d) constitute a violation of any order, judgment or decree

to which Independent is a party, or by which Independent or any of its assets or properties are bound. Assuming this Agreement constitutes the valid and binding obligation of United, this Agreement constitutes the valid and binding obligation of Independent, and is enforceable in accordance with its terms, except as limited by laws affecting creditors' rights generally and by the discretion of courts to compel specific performance.

4.2.2 Corporate Status. Independent is a business

corporation duly organized, validly existing and in good standing under the laws of the state of Georgia and has no direct or indirect subsidiaries other than Independent Bank. Independent Bank is a banking corporation duly organized and validly existing under the laws of the State of Georgia. Independent and Independent Bank have all of the requisite corporate power and authority and are entitled to own or lease their respective properties and assets and to carry on their respective businesses as and in the places where such properties or assets are now owned, leased or operated and such businesses are now conducted.

4.2.3 Capital Structure. (a) Independent has an

authorized capital stock consisting of 10,000,000 shares, \$1.00 par value of common stock, of which 2,067,439 shares of common stock are issued and outstanding as of the date hereof including options to acquire 119,283 shares (the "Independent Stock Options"). Independent Bank has an authorized capital stock consisting solely of 5,000,000 shares of Common Stock, par value \$1.00 ("Independent Bank Stock"), of which 1,116,438 shares are issued and outstanding as of the date hereof. All of the outstanding shares of Independent Stock and Independent Bank Stock are duly and validly issued, fully paid and non-assessable and were offered, issued and sold in compliance with all applicable federal and state securities laws. No person has any right of rescission or claim for damages under federal or state securities laws with respect to the issuance of any shares of Independent Stock or Independent Bank Stock previously issued. None of the shares of Independent Stock or Independent Bank Stock has been issued in violation of any preemptive or other rights of its shareholders. All of the issued and outstanding shares of Independent Bank Stock are owned by Independent.

(b) Except for the Independent Stock Options and as set forth in the Independent Disclosure Memorandum, Independent does not have outstanding any securities which are either by their terms or by contract convertible or exchangeable into capital stock of Independent, or any other securities or debt, of Independent, or any preemptive or similar rights to subscribe for or to purchase, or any options or warrants or agreements or understandings for the purchase or the issuance (contingent or otherwise) of, or any calls, commitments or claims of any character relating to, its capital stock or securities convertible into its capital stock. Independent is not subject to any obligation (contingent or otherwise) to repurchase or otherwise acquire or retire, or to register, any shares of its capital stock.

(c) There is no agreement, arrangement or understanding to which Independent is a party restricting or otherwise relating to the transfer of any shares of capital stock of Independent.

(d) All shares of common stock or other capital stock, or any other securities or debt, of Independent, which have been purchased or redeemed by Independent have been purchased or redeemed in accordance with all applicable federal, state and local laws, rules, and regulations, including, without limitation, all federal and state securities laws and rules and regulations of any securities exchange or system on which such stock, securities or debt are, or at such time were, traded, and no such purchase or redemption has resulted or will, with the giving of notice or lapse of time, or both, result in a default or acceleration of the maturity of, or otherwise modify, any agreement, note, mortgage, bond, security agreement, loan agreement or other contract or commitment of Independent.

4.2.4 Corporate Records. The stock records and minute books of

Independent, whether heretofore or hereafter furnished or made available to United by Independent, (a) fully and accurately reflect all issuances, transfers and redemptions of the Common Stock, (b) correctly show the record addresses and the number of shares of such stock issued and outstanding on the date hereof held by the shareholders of Independent, (c) correctly show all corporate action taken by the directors and shareholders of Independent (including actions taken by consent without a meeting) and (d) contain true and correct copies or originals of the respective articles of incorporation and all amendments thereto, bylaws as amended and currently in force, and the minutes of all meetings or consent actions of its directors and shareholders. No resolutions, regulations or bylaws have been passed, enacted, consented to or adopted by such directors or shareholders except those contained in the minute books. All corporate records have been maintained in accordance with all applicable statutory requirements and are complete and accurate.

4.2.5 Tax Returns; Taxes. (a) Independent has duly filed (i)

all required federal and state tax returns and reports, and (ii) all required returns and reports of other governmental units having jurisdiction with respect to taxes imposed upon its income, properties, revenues, franchises, operations or other assets or taxes imposed which might create a material lien or encumbrance on any of such assets or affect materially and adversely its business or operations. To the knowledge of the officers of Independent (the "Independent Management"), such returns or reports are, and when filed will be, true, complete and correct, and Independent has paid, to the extent such taxes or other governmental charges have become due, all taxes and other governmental charges set forth in such returns or reports. To the knowledge of the Independent Management, all federal, state and local taxes and other governmental charges paid or payable by Independent have been paid, or have been accrued or reserved on its books in accordance with generally accepted accounting principles applied on a basis consistent with prior periods. To the knowledge of the Independent Management, adequate reserves for the payment of taxes have been established on the books of Independent for all periods through the date hereof, whether or not due and payable and whether or not disputed. Until the Closing Date, Independent shall continue to provide adequate reserves for the payment of expected tax liabilities in accordance with generally accepted accounting principles applied on a basis consistent with prior periods. Independent has not received any notice of a tax deficiency or assessment of additional taxes of any kind and, to the knowledge of the Independent Management, there is no threatened claim against Independent, or to the

knowledge of the Independent Management, any basis for any such claim, for payment of any additional federal, state, local or foreign taxes for any period prior to the date of this Agreement in excess of the accruals or reserves with respect to any such claim shown in the 1999 Independent Financial Statements described in Section 4.2.6 below or disclosed in the notes with respect thereto. There are no waivers or agreements by Independent for the extension of time for the assessment of any taxes. The federal income tax returns of Independent have not been examined by the Internal Revenue Service for any period since December 31, 1994.

(b) Except as set forth in the Independent Disclosure Memorandum, to the knowledge of the Independent Management, proper and accurate amounts have been withheld by Independent from its employees for all periods in full and complete compliance with the tax withholding provisions of applicable federal, state and local tax laws, and proper and accurate federal, state and local tax returns have been filed by Independent for all periods for which returns were due with respect to withholding, social security and unemployment taxes, and the amounts shown thereon to be due and payable have been paid in full.

4.2.6 Financial Statements. Independent has delivered to

United true, correct and complete copies of the audited financial statements of Independent for the years ended December 31, 1997, 1998 and 1999, including balance sheets, statements of income, statements of shareholders' equity, statements of cash flows and related notes (the audited financial statements for the year ended December 31, 1999 being referred to as the "1999 Independent Financial Statements"). All of such financial statements have been prepared in accordance with generally accepted accounting principles consistently applied and present fairly the assets, liabilities and financial condition of Independent as of the dates indicated therein and the results of its operations for the respective periods then ended.

4.2.7 Regulatory Reports. Independent has made available to

United for review and inspection the year-end Report of Condition and year-end Report of Income and Dividends as filed by Independent Bank with the Federal Deposit Insurance Corporation (the "FDIC") for each of the three years ended December 31, 1999, 1998 and 1997, together with all such other reports filed for the same three-year period with the FDIC, and the Department of Banking and Finance of the State of Georgia (the "Department of Banking"), and other applicable regulatory agencies and the Form F.R. Y-6 filed by Independent with the Board of Governors of the Federal Reserve System (the "Federal Reserve") for each of the three years ended December 31, 1999, 1998 and 1997 (collectively, the "Independent Reports"). All of the Independent Reports, as amended, have been prepared in accordance with applicable rules and regulations applied on a basis consistent with prior periods and contain in all material respects all information required to be presented therein in accordance with such rules and regulations.

4.2.8 Accounts. The Independent Disclosure Memorandum contains

a list of each and every bank and other institution in which Independent maintains an account or safety deposit box, the account numbers, and the names of all persons who are presently authorized to draw thereon, have access thereto or give instructions regarding distribution of funds or assets therein.

4.2.9 Notes and Obligations. (a) Except as set forth in the

Independent Disclosure Memorandum or as provided for in the loss reserve described in subsection (b) below, all notes receivable or other obligations owned by Independent or due to it shown in the 1999 Independent Financial Statements and any such notes receivable and obligations on the date hereof and on the Closing Date are and will be genuine, legal, valid and collectible obligations of the respective makers thereof and are not and will not be subject to any offset or counterclaim. Except as set forth in subsection (b) below, all such notes and obligations are evidenced by written agreements, true and correct copies of which will be made available to United for examination prior to the Closing Date. All such notes and obligations were entered into by Independent in the ordinary course of its business and in compliance with all applicable laws and regulations.

(b) Independent has established a loss reserve in the 1999 Independent Financial Statements and as of the date of this Agreement and will establish a loan loss reserve as of the Closing Date which is adequate to cover anticipated losses which might result from such items as the insolvency or default of borrowers or obligors on such loans or obligations, defects in the notes or evidences of obligation (including losses of original notes or instruments), offsets or counterclaims properly chargeable to such reserve, or the availability of legal or equitable defenses which might preclude or limit the ability of Independent to enforce the note or obligation, and the representations set forth in subsection (a) above are qualified in their entirety by the aggregate of such loss reserve. Except as described in the Independent Disclosure Memorandum, at the Closing Date, the ratio of the loss reserve, established on such date in good faith by Independent, to total loans outstanding at such time shall not exceed the ratio of the loan loss reserve to the total loans outstanding as reflected in the 1999 Independent Financial Statements, established on or before such date in good faith by Independent, in accordance with generally accepted accounting principles.

4.2.10 Liabilities. Independent has no debt, liability or

obligation of any kind required to be shown pursuant to generally accepted accounting principles on the consolidated balance sheet of Independent, whether accrued, absolute, known or unknown, contingent or otherwise, including, but not limited to (a) liability or obligation on account of any federal, state or local taxes or penalty, interest or fines with respect to such taxes, (b) liability arising from or by virtue of the distribution, delivery or other transfer or disposition of goods, personal property or services of any type, kind or variety, (c) unfunded liabilities with respect to any pension, profit sharing or employee stock ownership plan, whether operated by Independent or any other entity covering employees of Independent, or (d) environmental liabilities, except (i) those reflected in the 1999 Independent Financial Statements, and (ii) as disclosed in the Independent Disclosure Memorandum.

4.2.11 Absence of Changes. Except as specifically provided for

in this Agreement or specifically set forth in the Independent Disclosure Memorandum, since December 31, 1998:

(a) there has been no change in the business, assets, liabilities, results of operations or financial condition of Independent, or in any of its relationships with customers, employees, lessors or others, other than changes in the ordinary course of business, none of which individually or in the aggregate has had, or which the Independent Management believes may have, a material adverse effect on such businesses or properties;

(b) there has been no material damage, destruction or loss to the assets, properties or business of Independent, whether or not covered by insurance, which has had, or which the Independent Management believes may have, an adverse effect thereon;

(c) the business of Independent has been operated in the ordinary course, and not otherwise;

(d) the properties and assets of Independent used in its business have been maintained in good order, repair and condition, ordinary wear and tear excepted;

(e) the books, accounts and records of Independent have been maintained in the usual, regular and ordinary manner;

(f) there has been no declaration, setting aside or payment of any dividend or other distribution on or in respect of the capital stock of Independent;

(g) there has been no increase in the compensation or in the rate of compensation or commissions payable or to become payable by Independent to any director or executive officer, or to any employee earning \$35,000 or more per annum, or any general increase in the compensation or in the rate of compensation payable or to become payable to employees of Independent earning less than \$35,000 per annum ("general increase" for the purpose hereof meaning any increase generally applicable to a class or group of employees, but not including increases granted to individual employees for merit, length of service, change in position or responsibility or other reasons applicable to specific employees and not generally to a class or group thereof), or any director, officer, or employee hired at a salary in excess of \$35,000 per annum, or any increase in any payment of or commitment to pay any bonus, profit sharing or other extraordinary compensation to any employee;

(h) there has been no change in the articles of incorporation or bylaws of Independent;

(i) there has been no labor dispute, unfair labor practice charge or employment discrimination charge, nor, to the knowledge of Independent, any organizational effort by any union, or institution or threatened institution, of any effort, complaint or other proceeding in connection therewith, involving Independent, or affecting its operations;

(j) there has been no issuance, sale, repurchase, acquisition, or redemption by Independent of any of its capital stock, bonds, notes, debt or other securities, and there has been no modification or amendment of the rights of the holders of any outstanding capital stock, bonds, notes, debt or other securities thereof;

(k) there has been no mortgage, lien or other encumbrance or security interest (other than liens for current taxes not yet due or purchase money security interests arising in the ordinary course of business) created on or in (including without limitation, any deposit for security consisting of) any asset or assets of Independent or assumed by it with respect to any asset or assets;

(l) there has been no indebtedness or other liability or obligation (whether absolute, accrued, contingent or otherwise) incurred by Independent which would be required to be reflected on a balance sheet of Independent prepared as of the date hereof in accordance with generally accepted accounting principles applied on a consistent basis, except as incurred in the ordinary course of business;

(m) no obligation or liability of Independent has been discharged or satisfied, other than in the ordinary course of business;

(n) there have been no sales, transfers or other dispositions of any asset or assets of Independent, other than sales in the ordinary course of business; and

(o) there has been no amendment, termination or waiver of any right of Independent under any contract or agreement or governmental license, permit or permission which has had or may have an adverse effect on its business or properties.

4.2.12 Litigation and Proceedings. Except as set forth on the

Independent Disclosure Memorandum, there are no actions, decrees, suits, counterclaims, claims, proceedings or governmental actions or investigations, pending or, to the knowledge of Independent, threatened against, by or affecting Independent, or any officer, director, employee or agent in such person's capacity as an officer, director, employee or agent of Independent or relating to the business or affairs of Independent, in any court or before any arbitrator or governmental agency, and no judgment, award, order or decree of any nature has been rendered against or with respect thereto by any agency, arbitrator, court, commission or other authority, nor does Independent have any unasserted contingent liabilities which might have an adverse effect on its assets or on the operation of its businesses or which might prevent or impede the consummation of the transactions contemplated by this Agreement.

4.2.13 Proxy Materials. Neither the Independent Proxy

Materials nor other materials furnished by Independent to the Independent shareholders in connection with the transactions contemplated by this Agreement or the Merger Agreement, or in any amendments thereof or supplements thereto, will, at the times such documents are distributed to the holders of shares of Independent Stock and through the acquisition of shares of Independent Stock by United pursuant to the Merger, contain with respect to Independent any untrue statement of a material fact or omit to state any information required to be stated therein or omit to state any material fact necessary in order to make the statements therein, in light of the circumstances under which they are made with respect to Independent, not misleading.

4.3 Business Operations.

4.3.1 Customers. Independent has no knowledge of any presently

existing facts which could reasonably be expected to result in the loss of any material borrower or depositor or in Independent's inability to collect amounts due therefrom or to return funds deposited thereby, except as set forth on the Independent Disclosure Memorandum.

4.3.2 Permits; Compliance with Law. (a) Independent has all

permits, licenses, approvals, authorizations and registrations under all federal, state, local and foreign laws required for Independent to carry on its business as presently conducted, and all of such permits, licenses, approvals, authorizations and registrations are in full force and effect, and no suspension or cancellation of any of them is pending or, to the knowledge of Independent, threatened.

(b) Independent has complied with all laws, regulations, and orders applicable to it or its business, except for any non-compliance which would not have a material adverse effect on Independent. The Independent Disclosure Memorandum contains a list of any known violations of such laws, regulations, ordinances or rules by any present officer, director, or employee of Independent which occurred since December 31, 1994, and which resulted in any order, proceeding, judgment or decree which would be required to be disclosed pursuant to Item 401(f) of Regulation S-K promulgated by the Securities and Exchange Commission if Independent had been subject to the reporting requirements under the 1933 Act or the Securities Exchange Act of 1934. No past violation of any such law, regulation, ordinance or rule has occurred which could impair the right or ability of Independent to conduct its business.

(c) Except as set forth in the Independent Disclosure Memorandum, no notice or warning from any governmental authority with respect to any failure or alleged failure of Independent to comply in any respect with any law, regulation or order has been received, nor is any such notice or warning proposed or, to the knowledge of Independent, threatened.

4.3.3 Environmental. (a) Except as set forth in the

Independent Disclosure Memorandum, Independent

(i) has not caused or permitted, and has no knowledge of any claim regarding the environmental condition of the property or the generation, manufacture, use, or handling or the release or presence of, any Hazardous Material on, in, under or from any properties or facilities currently owned or leased by Independent or adjacent to any properties so owned or leased; and

(ii) has complied in all material respects with, and has kept all records and made all filings or reports required by, and is otherwise in substantial compliance with all applicable federal, state and local laws, regulations, orders, permits and licenses relating to the generation, treatment, manufacture, use, handling, release or presence of any Hazardous Material on, in, under or from any properties or facilities currently owned or leased by Independent.

(b) To Independent's knowledge, except as set forth in the Independent Disclosure Memorandum, neither Independent nor any of its officers, directors, employees or agents, in the course of such individual's employment by Independent, has given advice with respect to, or participated in any respect in, the decisions regarding Hazardous Material handling or disposal of any entity or concern whose business relates in any way to the generation, storage, handling, disposal, transfer, production, use or processing of Hazardous Material, nor to Independent's knowledge has Independent foreclosed on any property on which there is a threatened release of any Hazardous Material, or on which there has been such a release and full remediation has not been completed.

(c) Except as set forth in the Independent Disclosure Memorandum, neither Independent, nor any of its officers, directors, employees, or agents, is aware of, has been told of, or has observed, the presence of any Hazardous Material on, in, under, or around property on which Independent holds a legal or security interest, in violation of, or creating a material liability under, federal, state, or local environmental statutes, regulations, or ordinances.

(d) The term "Hazardous Material" means any substance whose nature, use, manufacture, or effect render it subject to federal, state or local regulation governing that material's investigation, remediation or removal as a threat or potential threat to human health or the environment and includes, without limitation, any substance within the meaning of "hazardous substances" under the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. ss. 9601, "hazardous wastes" within the meaning of the Resource Conservation and Recovery Act, 42 U.S.C. ss. 6921, any petroleum product, including any fraction of petroleum, or any asbestos containing materials. However, the term "Hazardous Material" shall not include those substances which are normally and reasonably used in connection with the occupancy or operation of office buildings (such as cleaning fluids, and supplies normally used in the day to day operation of business offices).

4.3.4 Insurance. The Independent Disclosure Memorandum

contains a complete list and description (including the expiration date, premium amount and coverage thereunder) of all policies of insurance and bonds presently maintained by, or providing coverage for, Independent or any of its officers, directors and employees, all of which are, and will be maintained through the Closing Date, in full force and effect, together with a complete list of all pending claims under any of such policies or bonds. All terms, obligations and provisions of each of such policies and bonds have been complied with, all premiums due thereon have been paid, and no notice of cancellation with respect thereto has been received. Except as set forth in the Independent Disclosure Memorandum, such policies and bonds provide adequate coverage to insure the properties and businesses of Independent and the activities of its officers, directors and employees against such risks and in such amounts as are prudent and customary. Independent will not as of the Closing Date have any liability for premiums or for retrospective premium adjustments for any period prior to the Closing Date. Independent has heretofore made, or will hereafter make, available to United a true, correct and complete copy of each insurance policy and bond in effect since December 31, 1994 with respect to the business and affairs of Independent.

4.4 Properties and Assets.

4.4.1 Contracts and Commitments. The Independent Disclosure

Memorandum contains a list identifying and briefly describing all written contracts, purchase orders, agreements, security deeds, guaranties or commitments to which Independent is a party or by which it may be bound involving the payment or receipt, actual or contingent, of more than \$25,000 or having a term or requiring performance over a period of more than ninety (90) days. Each such contract, agreement, guaranty and commitment of Independent is in full force and effect and is valid and enforceable in accordance with its terms, and constitutes a legal and binding obligation of the respective parties thereto and is not the subject of any notice of default, termination, partial termination or of any ongoing, pending, completed or threatened investigation, inquiry or other proceeding or action that may give rise to any notice of default, termination or partial termination. Independent has complied in all material respects with the provisions of such contracts, agreements, guaranties and commitments. A true and complete copy of each such document has been or will be made available to United for examination.

4.4.2 Licenses; Intellectual Property. Independent has all

patents, trademarks, trade names, service marks, copyrights, trade secrets and know-how reasonably necessary to conduct its business as presently conducted and, except as described in the Independent Disclosure Memorandum, Independent is not a party, either as licensor or licensee, to any agreement for any patent, process, trademark, service mark, trade name, copyright, trade secret or other confidential information and there are no rights of third parties with respect to any trademark, service mark, trade secrets, confidential information, trade name, patent, patent application, copyright, invention, device or process owned or used by Independent or presently expected to be used by either of them in the future. All patents, copyrights, trademarks, service marks, trade names, and applications therefor or registrations thereof, owned or used by Independent, are listed in the Independent Disclosure Memorandum. Independent has complied with all applicable laws relating to the filing or registration of "fictitious names" or trade names.

4.4.3 Personal Property. Independent has good and marketable

title to all of its personalty, tangible and intangible, reflected in the 1999 Independent Financial Statements (except as since sold or otherwise disposed of by it in the ordinary course of business), free and clear of all encumbrances, liens or charges of any kind or character, except (i) those referred to in the notes to the 1999 Independent Financial Statements as securing specified liabilities (with respect to which no default exists or, to the knowledge of Independent, is claimed to exist), (ii) those described in the Independent Disclosure Memorandum and (iii) liens for taxes not due and payable.

4.4.4 Independent Leases. (a) All leases (the "Independent

Leases") pursuant to which Independent is lessor or lessee of any real or personal property (such property, the "Leased Property") are valid and enforceable in accordance with their terms; there is not under any of the Independent Leases any default or, to the knowledge of Independent, any claimed default by Independent, or event of default or event which with notice or lapse of time, or both, would constitute a default by Independent and in respect of which adequate steps have not been taken to prevent a default on its part from occurring.

(b) The copies of the Independent Leases heretofore or hereafter furnished or made available by Independent to United are true, correct and complete, and the Independent Leases have not been modified in any respect other than pursuant to amendments, copies of which have been concurrently delivered or made available to United, and are in full force and effect in accordance with their terms.

(c) Except as set forth in the Independent Disclosure Memorandum, there are no contractual obligations, agreements in principle or present plans for Independent to enter into new leases of real property or to renew or amend existing Independent Leases prior to the Closing Date.

4.4.5 Real Property. (a) Independent does not own any interest

in any real property (other than as lessee) except as set forth in the Independent Disclosure Memorandum (such properties being referred to herein as "Independent Realty"). Except as disclosed in the Independent Disclosure Memorandum, Independent has good title to the Independent Realty and the titles to the Independent Realty are covered by title insurance policies providing coverage in the amount of the original purchase price, true, correct and complete copies of which have been or will be furnished to United with the Independent Disclosure Memorandum. Independent has not encumbered the Independent Realty since the effective dates of the respective title insurance policies.

(b) Except as set forth in the Independent Disclosure Memorandum, the interests of Independent in the Independent Realty and in and under each of the Independent Leases are free and clear of any and all liens and encumbrances and are subject to no present claim, contest, dispute, action or, to the knowledge of Independent, threatened action at law or in equity.

(c) The present and past use and operations of, and improvements upon, the Independent Realty and all real properties leased by Independent (the "Independent Leased Real Properties") are in compliance in all material respects with all applicable building, fire, zoning and other applicable laws, ordinances and regulations and with all deed restrictions of record, no notice of any violation or alleged violation thereof has been received, and to the knowledge of Independent there are no proposed changes therein that would affect the Independent Realty, the Independent Leased Real Properties or their uses.

(d) Except as set forth in the Independent Disclosure Memorandum, no rent has been paid in advance and no security deposit has been paid by, nor is any brokerage commission payable by or to, Independent with respect to any Lease pursuant to which it is lessor or lessee.

(e) Independent is not aware of any proposed or pending change in the zoning of, or of any proposed or pending condemnation proceeding with respect to, any of the Independent Realty or the Independent Leased Real Properties which may adversely affect the Independent Realty or the Independent Leased Real Properties or the current or currently contemplated use thereof.

(f) The buildings and structures owned, leased or used by Independent are, taken as a whole, in good operating order (except for ordinary wear and tear), usable in the ordinary course of business, and are sufficient and adequate to carry on the business and affairs of Independent.

4.5 Employees and Benefits.

4.5.1 Directors or Officers of Other Corporations. Except as

set forth in the Independent Disclosure Memorandum, no director, officer, or employee of Independent serves, or in the past five years has served, as a director or officer of any other corporation on behalf of or as a designee of Independent or any of its subsidiaries.

4.5.2 Employee Benefits. (a) Except as set forth in the

Independent Disclosure Memorandum, Independent does not provide and is not obligated to provide, directly or indirectly, any benefits for employees of a material nature, including, without limitation, any pension, profit sharing, stock option, retirement bonus, hospitalization, medical, insurance or vacation under any practice, agreement or understanding.

(b) The Independent Disclosure Memorandum lists separately any employee benefit plan within the meaning of Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") sponsored by Independent (collectively, "ERISA Plans"). True, correct and complete copies of all ERISA Plans and, to the extent applicable, all related trust agreements, insurance contracts, summary plan descriptions, Internal Revenue Service determination letters and filings, the past three years of actuarial reports and valuations, annual reports and Form 5500 filings (including attachments), and any other related documents requested by United or its counsel have been, or prior to the Closing Date will be, made available to United.

(c) Independent is not currently and has never been in the past required to contribute to a multiemployer plan as defined in Section 3(37)(A) of ERISA. Independent does not maintain or contribute to, nor within the past six years has it maintained or contributed to, an employee pension benefit plan as defined in Section 3(2) of ERISA that is or was subject to Title IV of ERISA.

(d) Except as set forth in the Independent Disclosure Memorandum, each ERISA Plan has been operated and administered in all material respects in accordance with, and has been amended to comply with (unless such amendment is not yet required), all applicable laws, rules and regulations, including, without limitation, ERISA, the Internal Revenue Code of 1986, as amended ("Code"), and the regulations issued under ERISA and the Code. With respect to each ERISA Plan, other than routine claims for benefits submitted in the ordinary course of the benefits process, no litigation or administrative or other proceeding is pending or, to the knowledge of Independent, threatened involving such ERISA Plan or any of its fiduciaries. With respect to each ERISA Plan, neither Independent nor any of its directors, officers, employees or agents, nor to Independent's knowledge, any "party in interest" or "disqualified

person" (as such terms are defined in Section 3(14) of ERISA and Section 4975 of the Code) has been engaged in or been a party to any transaction relating to the ERISA Plan which would constitute a breach of fiduciary duty under ERISA or a "prohibited transaction" (as such term is defined in Section 406 of ERISA or Section 4975 of the Code), unless such transaction is specifically permitted under Sections 407 or 408 of ERISA, Section 4975 of the Code or a class or administrative exemption issued by the Department of Labor. Except as disclosed in the Independent Disclosure Memorandum, each ERISA Plan that is a group health plan within the meaning of Section 607(1) of ERISA and Section 4980B of the Code is in material compliance with the continuation coverage requirements of Section 501 of ERISA and Section 4980B of the Code.

(e) Of the ERISA Plans, the "employee pension benefit plans" within the meaning of Section 3(2) of ERISA (collectively, the "Employee Pension Benefit Plans") are separately identified on the Independent Disclosure Memorandum. With respect to each Employee Pension Benefit Plan, except as set forth on the Independent Disclosure Memorandum: (i) such Employee Pension Benefit Plan is intended to constitute a qualified plan within the meaning of Section 401(a) of the Code and the trust is intended to be exempt from federal income tax under Section 501(a) of the Code; (ii) all contributions required by such plan have been made or will be made on a timely basis; and (iii) no termination, partial termination or discontinuance of contributions has occurred without a determination by the IRS that such action does not affect the tax-qualified status of such plan.

(f) As of the Closing Date, with respect to each ERISA Plan, Independent will have provided adequate reserves, or insurance or qualified trust funds, to provide for all payments and contributions required, or reasonably expected to be required, to be made under the provisions of such ERISA Plan or required to be made under applicable laws, rules and regulations, with respect to any period prior to the Closing Date to the extent reserves are required under generally accepted accounting principles, based on an actuarial valuation satisfactory to the actuaries of Independent representing a projection of claims expected to be incurred under such ERISA Plan.

(g) Except as disclosed on the Independent Disclosure Memorandum, Independent does not provide and has no obligation to provide benefits, including, without limitation, death, health or medical benefits (whether or not insured) with respect to current or former employees of Independent beyond their retirement or other termination of service with Independent other than (i) coverage mandated by applicable Law, (ii) benefits under the Employee Pension Benefit Plans, or (iii) benefits the full cost of which is borne by the current or former employee or his beneficiary.

(h) Except as disclosed in the Independent Disclosure Memorandum, neither this Agreement nor any transaction contemplated hereby will (i) entitle any current or former employee, officer or director of Independent to severance pay, unemployment compensation or any similar or other payment, or (ii) accelerate the time of payment or vesting of, or increase the amount of compensation or benefits due any such employee, officer or director.

4.5.3 Labor-Related Matters. Except as described in the

Independent Disclosure Memorandum, Independent is not, and has not been, a party to any collective bargaining agreement or agreement of any kind with any union or labor organization or to any agreement with any of its employees which is not terminable at will or upon ninety (90) days notice at the election of, and without cost or penalty to, Independent. Independent has not received at any time in the past five (5) years, any demand for recognition from any union, and no attempt has been made, or will have been made as of the Closing Date, to organize any of its employees. Independent has complied in all material respects with all obligations under the National Labor Relations Act, as amended, the Age Discrimination in Employment Act, as amended, and all other federal, state and local labor laws and regulations applicable to employees. There are no unfair labor practice charges pending or threatened against Independent, and there are, and in the past three (3) years there have been, no charges, complaints, claims or proceedings, no slowdowns or strikes pending or threatened against, or involving, as the case may be, Independent with respect to any alleged violation of any legal duty (including but not limited to any wage and hour claims, employment discrimination claims or claims arising out of any employment relationship) by Independent as to any of its employees or as to any person seeking employment therefrom, and no such violations exist.

4.5.4 Related Party Transactions. Except for (a) loans and

extensions of credit made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions by Independent with other persons who are not affiliated with Independent, and which do not involve more than the normal risk of repayment or present other unfavorable features, (b) deposits, all of which are on terms and conditions identical to those made available to all customers of Independent at the time such deposits were entered into, and (c) transactions specifically described in the Independent Disclosure Memorandum, there are no contracts with or commitments to present or former 5% or greater shareholders, directors, officers, or employees involving the expenditure after December 31, 1994 of more than \$60,000 as to any one individual, including with respect to any business directly or indirectly controlled by any such person, or \$100,000 for all such contracts or commitments in the aggregate for all such individuals (other than contracts or commitments relating to services to be performed by any officer, director or employee as a currently-employed employee of Independent).

4.6 Other Matters.

4.6.1 Regulatory Reports. Independent will make available to

United for review and inspection all applications, reports or other documents filed by it for each of its past three full fiscal years with any regulatory or governmental agencies. All of such applications, reports and other documents have been prepared in accordance with applicable rules and regulations of the regulatory agencies with which they were filed.

4.6.2 Approvals, Consents and Filings. Except for the approval

of the Federal Reserve and the Department of Banking, or as set forth in the Independent Disclosure Memorandum, neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated hereby or

thereby will (a) require any consent, approval, authorization or permit of, or filing with or notification to, any governmental or regulatory authority, or (b) violate any order, writ, injunction, decree, statute, rule or regulation applicable to Independent, or any of Independent's assets.

4.6.3 Default. (a) Except for those consents described in or

set forth pursuant to Section 4.6.2 above, neither the execution of this Agreement nor consummation of the transactions contemplated herein (i) constitutes a breach of or default under any contract or commitment to which Independent is a party or by which Independent or its properties or assets are bound, (ii) does or will result in the creation or imposition of any security interest, lien, encumbrance, charge, equity or restriction of any nature whatsoever in favor of any third party upon any assets of Independent, or (iii) constitutes an event permitting termination of any agreement or the acceleration of any indebtedness of Independent.

(b) Independent is not in default under its articles of incorporation or bylaws or under any term or provision of any security deed, mortgage, indenture or security agreement or of any other contract or instrument to which Independent is a party or by which it or any of its property is bound.

4.6.4 Representations and Warranties. No representation or

warranty contained in this Article IV or in any written statement delivered by or at the direction of Independent pursuant hereto or in connection with the transactions contemplated hereby contains or shall contain any untrue statement, nor shall such representations and warranties taken as a whole omit any statement necessary in order to make any statement not misleading. Copies of all documents that have been or will be furnished to United in connection with this Agreement or pursuant hereto are or shall be true, correct and complete.

ARTICLE V

CONDUCT OF BUSINESS OF INDEPENDENT PENDING CLOSING

Except as expressly otherwise provided herein, Independent covenants and agrees that, without the prior written consent of United between the date hereof and the Closing Date:

5.1 Conduct of Business. Independent will conduct its business

only in the ordinary course, without the creation of any indebtedness for borrowed money (other than deposit and similar accounts and customary credit arrangements between banks in the ordinary course of business). Independent will not engage in or undertake any action that would lead to the disqualification of the pooling of interests method of accounting. Independent knows of no reason that the proposed transaction would not qualify for pooling of interests accounting treatment.

5.2 Maintenance of Properties. Independent will maintain its

properties and assets in good operating condition, ordinary wear and tear excepted.

5.3 Insurance. Independent will maintain and keep in full

force and effect all of the insurance referred to in Section 4.3.4 hereof or other insurance equivalent thereto in all material respects.

5.4 Capital Structure. No change will be made in the

authorized or issued capital stock or other securities of Independent, and Independent will not issue or grant any right or option to purchase or otherwise acquire any of the capital stock or other securities of Independent.

5.5 Dividends. Except for quarterly dividends paid in

accordance with previous practices, no dividend, distribution or payment will be declared or made in respect to the Independent Stock and Independent will not, directly or indirectly, redeem, purchase or otherwise acquire any of its capital stock.

5.6 Amendment of Articles; Corporate Existence. Independent

will not amend its articles of incorporation or bylaws, and Independent will maintain its corporate existence and powers.

5.7 No Acquisitions. Independent shall not, without the

express written consent of United, acquire by merging or consolidating with, or by purchasing a substantial portion of the assets of, or by any other manner, any business or any corporation, partnership, association or other entity or division thereof or otherwise acquire or agree to acquire any assets which are material, individually or in the aggregate, to it.

5.8 No Dispositions. Independent will not sell, mortgage,

lease, buy or otherwise acquire, transfer or dispose of any real property or interest therein (except for sales in the ordinary course of business) and Independent will not, except in the ordinary course of business, sell or transfer, mortgage, pledge or subject to any lien, charge or other encumbrance any other tangible or intangible asset.

5.9 Banking Arrangements. No change will be made in the

banking and safe deposit arrangements referred to in Section 4.2.8 hereof.

5.10 Contracts. Except for renewals of existing contracts in

effect as of the date hereof, or entering into a contract for the purpose of substituting a vendor under any such existing contract, Independent will not, without the express written consent of United, enter into any contract of the kind described in Section 4.4.1 hereof.

5.11 Books and Records. The books and records of Independent

will be maintained in the usual, regular and ordinary course.

5.12 Advice of Changes. Independent shall promptly advise

United orally and in writing of any change or event having, or which the Independent Management believes could have, a material adverse effect on the assets, liabilities, business, operations or financial condition of Independent.

5.13 Reports. Independent shall file all reports required to

be filed with any regulatory or governmental agencies between the date of this Agreement and the Closing Date and shall deliver to United copies of all such reports promptly after the same are filed.

ARTICLE VI

REPRESENTATIONS AND WARRANTIES OF UNITED

As an inducement to Independent to enter into this Agreement and to consummate the transactions contemplated hereby, United represents, warrants, covenants and agrees as follows:

6.1 Corporate Status. United is a business corporation duly

organized, validly existing and in good standing under the laws of the State of Georgia and has no direct or indirect subsidiaries, which are material to United, other than United Community Bank, Blairsville, Georgia ("United Bank"), Towns County Bank, Hiawassee, Georgia ("Towns"), Peoples Bank of Fannin County, Blue Ridge, Georgia ("Fannin"), White County Bank, Cleveland, Georgia ("White"), Carolina Community Bank, Murphy, North Carolina ("Carolina"), Bank of Adairsville, Adairsville, Georgia ("Adairsville"), First Clayton Bank & Trust Company, Clayton, Georgia ("Clayton"), 1st Floyd Bank, Rome, Georgia ("Floyd") and United Family Finance Company, Blairsville, Georgia (the "Finance Company") (collectively the "United Subsidiaries.") The United Subsidiaries are banking corporations, except for the Finance Company, which is a business corporation, all of which are duly organized, validly existing and in good standing under the laws of the State of Georgia with respect to United Bank, Towns, Fannin, White, Adairsville, Floyd, Clayton, and the Finance Company, and the State of North Carolina with respect to Carolina. United and the United Subsidiaries are entitled to own or lease their respective properties and to carry on their respective businesses in the places where such properties are now owned, leased or operated and such businesses are now conducted.

6.2 Authority. Subject to the approval of various state and

federal regulators, the execution, delivery and performance of this Agreement and the other transactions contemplated or required in connection herewith will not, with or without the giving of notice or the passage of time, or both, (a) violate any provision of federal or state law applicable to United, the violation of which could be reasonably expected to have a material adverse effect on the business, operations, properties, assets, financial condition or prospects of United; (b) violate any provision of the articles of incorporation or bylaws of United; (c) conflict with or result in a breach of any provision of, or termination of, or constitute a default under any instrument, license, agreement, or commitment to which United is a party, which, singly or in the aggregate, could reasonably be expected to have a material adverse effect on the business, operations, properties, assets, financial condition or prospects of United; or (d) constitute a violation of any order, judgment or decree to which

bound. Assuming this Agreement constitutes the valid and binding obligation of Independent, this Agreement constitutes the valid and binding obligation of United, and is enforceable in accordance with its terms, except as limited by laws affecting creditors' rights generally and by the discretion of courts to compel specific performance.

6.3 Capital Structure. (a) As of the date of this Agreement,

United has authorized capital stock consisting solely of 10,000,000 shares of common stock, par value \$1.00 per share, of which 8,429,090 shares are issued and outstanding as of the date hereof including 140,000 deemed outstanding pursuant to United's prime plus 1/4% Convertible Subordinated Debentures due December 31, 2006 (the "2006 Debentures") and presently exercisable options to acquire 254,822 shares (the "United Stock Options") and 10,000,000 shares of Preferred Stock, none of which is outstanding. All of the issued and outstanding shares of United Stock and the United Subsidiaries capital stock (the "United Subsidiaries Stock") is duly and validly issued, fully paid and nonassessable and was offered, issued and sold in compliance with all applicable federal or state securities laws. No person has any right of rescission or claim for damages under federal or state securities laws with respect to the issuance of shares of United Stock or any of the shares of United Subsidiaries Stock previously issued. None of the shares of United Stock has been issued in violation of the preemptive or other rights of any shareholder of United. None of the shares of the United Subsidiaries Stock was issued in violation of the preemptive or other rights of any shareholder of the United Subsidiaries. All of the issued and outstanding shares of the United Subsidiaries Stock are owned by United.

(b) Except for the 2006 Debentures and the United Stock Options, United does not have outstanding any securities which are either by their terms or by contract convertible or exchangeable into United Stock, or any other securities or debt, of United, or any preemptive or similar rights to subscribe for or to purchase, or any options or warrants or agreements or understandings for the purchase or the issuance (contingent or otherwise) of, or any calls, commitments or claims of any character relating to, its capital stock or securities convertible into its capital stock. United is not subject to any obligation (contingent or otherwise) to repurchase or otherwise acquire or retire, or to register, any shares of its capital stock.

(c) There is no agreement, arrangement or understanding to which United is a party restricting or otherwise relating to the transfer of any shares of United Stock.

(d) All shares of common stock or other capital stock, or any other securities or debt, of United, which have been purchased or redeemed by United have been purchased or redeemed in accordance with all applicable federal, state and local laws, rules, and regulations, including, without limitation, all federal and state securities laws and rules and regulations of any securities exchange or system on which such stock, securities or debt are, or at such time were, traded, and no such purchase or redemption has resulted or will, with the giving of notice or lapse of time, or both, result in a default or acceleration of the maturity of, or otherwise modify, any agreement, note, mortgage, bond, security agreement, loan agreement or other contract or commitment of United.

6.4 Financial Statements. United has delivered to Independent

true, correct and complete copies of the audited financial statements of United for the years ended December 31, 1997, 1998 and 1999, including balance sheets, statements of income, statements of shareholders' equity, statements of cash flows and related notes (the audited financial statements for the year ended

December 31, 1999 being referred to as the "1999 United Financial Statements"). All of such financial statements have been prepared in accordance with generally accepted accounting principles consistently applied and present fairly the assets, liabilities and financial condition of United as of the dates indicated therein and the results of its operations for the respective periods then ended.

6.5 Permits; Compliance with Law. (a) United has all permits,

licenses, approvals, authorizations and registrations under all federal, state, local and foreign laws required for United to carry on its business as presently conducted, and all of such permits, licenses, approvals, authorizations and registrations are in full force and effect, and no suspension or cancellation of any of them is pending or, to the knowledge of United, threatened.

(b) United has complied with all laws, regulations, and orders applicable to it or its business, except for any non-compliance which would not have a material adverse effect on United, and United has received no notice or warning from any governmental authority with respect to any failure or alleged failure of United to comply in any respect with any law, regulation or order has been received, nor is any such notice or warning proposed or, to the knowledge of United, threatened.

6.6 Litigation and Proceedings. There are no actions, decrees,

suits, counterclaims, claims, proceedings or governmental actions or investigations, pending or, to the knowledge of United, threatened against, by or affecting United, any officer, director, employee or agent in such person's capacity as an officer, director, employee or agent of United or relating to the business or affairs of United, in any court or before any arbitrator or governmental agency, and no judgment, award, order or decree of any nature has been rendered against or with respect thereto by any agency, arbitrator, court, commission or other authority, nor does United have any unasserted contingent liabilities which may have an adverse effect on its assets or on the operation of its businesses or which might prevent or impede the consummation of the transactions contemplated by this Agreement.

6.7 Default. (a) Except for those consents described in or set

forth pursuant to Section 6.2 above, neither the execution of this Agreement nor consummation of the transactions contemplated herein (i) constitutes a breach of or default under any contract or commitment to which United is a party or by which United or its properties or assets are bound, (ii) does or will result in the creation or imposition of any security interest, lien, encumbrance, charge, equity or restriction of any nature whatsoever in favor of any third party upon any assets of United, or (iii) constitutes an event permitting termination of any agreement or the acceleration of any indebtedness of United.

(b) United is not in default under its articles of incorporation or bylaws or under any term or provision of any security deed, mortgage, indenture or security agreement or of any other contract or instrument to which United is a party or by which it or any of its property is bound.

6.8 Disclosure Reports. United has a class of securities

registered pursuant to Section 12(g) of the Securities Exchange Act of 1934, as amended (the "1934 Act"), and has delivered to Independent copies of:

(a) its Annual Report on Form 10-K for its fiscal year ended December 31, 1998 (and those portions of its 1998 Annual Report to Shareholders incorporated therein by reference) filed pursuant to Section 13 of the Act;

(b) the Proxy Statement for its Annual Meeting of Shareholders held on April 15, 1999, filed pursuant to Section 14 of the Act; and

(c) its Quarterly Reports on Form 10-Q for the quarters ended March 31, 1999, June 30, 1999, and September 30, 1999, filed pursuant to Section 13 of the Act.

The report, proxy statement and quarterly reports include all of the regular and periodic reports and proxy statements required to be filed by United with the Securities and Exchange Commission since September 30, 1999, and are herein collectively referred to as the "United SEC Reports." The United SEC Reports taken together correctly describe, among other things, the business, operations and principal properties of United in accordance with the requirements of the applicable report forms. As of the respective dates of filing, none of the United SEC Reports contained any untrue statement of material fact necessary to make the statements therein not misleading. The financial statements contained in the United SEC Reports have been prepared in accordance with generally accepted accounting principals consistently applied and present fairly the financial condition of United as of the dates thereof and the results of operations for the periods covered thereby.

6.9 No Material Adverse Change. Since the date of its latest

published financial statements included in the United SEC Reports, there has not been any change in the condition of United, any contracts entered into by United, or other changes in the operations of United which, in any case, would have a material adverse effect on United on a consolidated basis taken as a whole.

6.10 Representations and Warranties. No representation or

warranty contained in this Article VI or in any written statement delivered by or at the direction of United pursuant hereto or in connection with the transactions contemplated hereby contains or shall contain any untrue statement, nor shall such representations and warranties taken as a whole omit any statement necessary in order to make any statement not misleading. Copies of all documents that have been or will be furnished to Independent in connection with this Agreement or pursuant hereto are or shall be true, correct and complete.

ARTICLE VII

CONDITIONS TO OBLIGATIONS OF UNITED

All of the obligations of United under this Agreement are subject to the fulfillment prior to or at the Closing Date of each of the following conditions, any one or more of which may be waived by United:

7.1 Veracity of Representations and Warranties. The

representations and warranties of Independent contained herein or in any certificate, schedule or other document delivered pursuant to the provisions hereof, or in connection herewith, shall be true in all material respects as of the date when made and shall be deemed to be made again at and as of the Closing Date and shall be true in all material respects at and as of such time, except as a result of changes or events expressly permitted or contemplated herein.

7.2 Performance of Agreements. Independent shall have

performed and complied with all agreements and conditions required by this Agreement to be performed or complied with by it prior to or on the Closing Date.

7.3 Certificates, Resolutions, Opinion. Independent shall have

delivered to United:

(a) a certificate executed by the President and Secretary of Independent, dated as of the Closing Date, and certifying in such detail as United may reasonably request to the fulfillment of the conditions specified in Sections 7.1 and 7.2 hereof;

(b) duly adopted resolutions of the Board of Directors and shareholders of Independent certified by the Secretary thereof, dated the Closing Date, (i) authorizing and approving the execution of this Agreement (with respect to the directors of Independent) and the Merger Agreement (with respect to the directors and shareholders of Independent) and the consummation of the transactions contemplated herein and therein in accordance with their respective terms and (ii) authorizing all other necessary and proper corporate action to enable Independent to comply with the terms hereof and thereof;

(c) certificates of the valid existence of Independent and Independent Bank under the laws of the State of Georgia, executed by the Secretary of State and the Department of Banking, respectively, and dated not more than five (5) business days prior to the Closing Date;

(d) certificates from the appropriate public officials of the State of Georgia, dated not more than five (5) business days prior to the Closing Date, certifying that Independent has filed all corporate tax returns required by the laws of such state and has paid all taxes shown thereon to be due; and

(e) an opinion of Powell, Goldstein, Frazier & Murphy, counsel for Independent, dated the Closing Date, in the form attached hereto as Exhibit D.

7.4 Shareholder Approval. The Merger Agreement shall have been

approved by the vote of the holders of at least a majority of Independent Stock.

7.5 Regulatory Approvals. United shall have received from any

and all governmental authorities, bodies or agencies having jurisdiction over the transactions contemplated by this Agreement and the Merger Agreement, including, but not limited to the Federal Reserve and the Department of Banking, such consents, authorizations and approvals as are necessary for the consummation thereof and all applicable waiting or similar periods required by law shall have expired.

7.6 Effective Registration Statement. The United Registration

Statement shall have been declared effective by the SEC and no stop order shall have been entered with respect thereto.

7.7 Certificate of Merger. The Secretary of State of the State

of Georgia shall have issued a certificate of merger with regard to the Merger in accordance with the provisions of the Georgia Business Corporation Code.

7.8 Accountants' Letter. United shall have received a letter

from Mauldin & Jenkins, dated the Closing Date, to the effect that: At the request of Independent they have carried out procedures to a specified date not more than five business days prior to the Closing Date, which procedures did not constitute an examination in accordance with generally accepted auditing standards, of the financial statements of Independent, as follows: (a) read the unaudited balance sheets and statements of income of Independent from December 31, 1999 through the date of the most recent monthly financial statements available in the ordinary course of business; (b) read the minutes of the meetings of shareholders and Board of Directors of Independent from December 31, 1998 to said date nor more than five business days prior to the Closing Date; and (c) consulted with certain officers and employees of Independent responsible for financial and accounting matters and, based on such procedures, nothing has come to their attention which would cause them to believe that (i) such unaudited interim balance sheets and statements of income are not fairly presented in conformity with generally accepted accounting principles applied on a basis consistent with that of the 1999 Independent Financial Statements, (ii) as of said date not more than five business days prior to the Closing Date, the shareholders' equity, long-term debt, reserve for possible loan losses and total assets of Independent, in each case as compared with the amounts shown in the 1999 Independent Financial Statements, are not different except as set forth in such letter, or (iii) for the period from December 31, 1998 to said date not more than five business days prior to the Closing Date, the net interest income, total and per-share amounts of consolidated income (before extraordinary items) and net income of Independent, as compared with the corresponding portion of the preceding 12-month period, are not different except as set forth in such letter.

7.9 Employment Agreement. James H. Powell shall have executed

an employment agreement in form reasonably satisfactory to United and Mr. Powell.

7.10 Pooling of Interests. United shall have received an

opinion of Porter, Keadle, Moore LLP, certified public accountants, to the effect that the Merger will be accounted for as a "pooling of interests," which opinion will be subject only to such qualifications, exceptions and factual assumptions as are satisfactory to United.

7.11 Increase in Authorized Capital Stock. An increase in the

number of authorized shares United common stock, from 10,000,000 shares to 50,000,000 shares, shall have been approved by a vote of the shareholders of United.

ARTICLE VIII

CONDITIONS TO OBLIGATIONS OF INDEPENDENT

All of the obligations of Independent under this Agreement are subject to the fulfillment prior to or at the Closing Date of each of the following conditions, any one or more of which may be waived by it:

8.1 Veracity of Representations and Warranties. The

representations and warranties of United contained herein or in any certificate, schedule or other document delivered pursuant to the provisions hereof, or in connection herewith, shall be true in all material respects as of the date when made and shall be deemed to be made again at and as of the Closing Date and shall be true in all material respects at and as of such time, except as a result of changes or events expressly permitted or contemplated herein (provided that representations and warranties which are confined to a specific date shall speak only as of such date).

8.2 Performance of Agreements. United shall have performed and

complied with all agreements and conditions required by this Agreement to be performed or complied with by it prior to or at the Closing Date.

8.3 Certificates, Resolutions, Opinion. United shall have

delivered to Independent:

(a) a certificate executed by the President and Secretary of United, dated the Closing Date, certifying in such detail as Independent may reasonably request to the fulfillment of the conditions specified in Sections 8.1 and 8.2 hereof;

(b) duly adopted resolutions of the board of directors of United, certified by the Secretary thereof, dated the Closing Date, (i) authorizing and approving the execution of this Agreement and the Merger Agreement on behalf of United, and the consummation of the transactions contemplated herein and therein in accordance with their respective terms, and (ii) authorizing all other necessary and proper corporate actions to enable United to comply with the terms hereof and thereof;

(c) a certificate of the valid existence of United, under the laws of the State of Georgia executed by the Secretary of State of the State of Georgia, dated not more than five (5) business days prior to the Closing Date;

(d) certificates from the appropriate public officials of the State of Georgia, dated not more than five (5) business days prior to the Closing Date, certifying that United has filed all corporate tax returns required by the laws of such state and has paid all taxes shown thereon to be due; and

(e) an opinion of Kilpatrick Stockton LLP, counsel for United, dated the Closing Date, in the form attached hereto as Exhibit E.

8.4 Shareholder Approval. The Merger Agreement shall have been

approved by the vote of the holders of at least a majority of Independent Stock.

8.5 Regulatory Approvals. Any and all governmental

authorities, bodies or agencies having jurisdiction over the transactions contemplated by this Agreement and the Merger Agreement, including, but not limited to the Federal Reserve and the Department of Banking, shall have granted such consents, authorizations and approvals as are necessary for the consummation hereof and thereof, and all applicable waiting or similar periods required by law shall have expired.

8.6 Effective Registration Statement. The United Registration

Statement shall have been declared effective by the SEC and no stop order shall have been entered with respect thereto.

8.7 Tax Opinion. Independent shall have received from

Kilpatrick Stockton LLP its opinion, in form and substance reasonably satisfactory to Independent, to the effect that:

(1) The Merger and the issuance of shares of United Stock in connection therewith, as described herein and in the Merger Agreement, will constitute a tax-free reorganization under Section 368(a)(1)(A) of the Code;

(2) No gain or loss will be recognized by holders of Independent Stock upon the exchange of such stock solely for United Stock as a result of the Merger;

(3) Gain or loss will be recognized pursuant to Section 302 of the Code by holders of Independent Stock upon their receipt of cash in lieu of fractional shares of United Stock and upon their exercise of dissenters' rights;

(4) No gain or loss will be recognized by Independent as a result of the Merger;

(5) The aggregate tax basis of United Stock received by shareholders of Independent pursuant to the Merger will be the same as the tax basis of the shares of Independent Stock exchanged therefor decreased by any portion of such tax basis allocated to fractional shares of United Stock that are treated as redeemed by United; and

(6) The holding period of the shares of United Stock received by the shareholders of Independent will include the holding period of the shares of Independent Stock exchanged therefor, provided that the stock of Independent is held as a capital asset on the date of the consummation of the Merger.

8.8 Certificate of Merger. The Secretary of State of the State

of Georgia shall have issued a certificate of merger with regard to the Merger in accordance with the provisions of the Georgia Business Corporation Code.

8.9 Employment Agreement. James H. Powell shall have executed

an employment agreement in form reasonably satisfactory to United and Mr. Powell.

8.10 Increase in Authorized Capital Stock. An increase in the

number of authorized shares United common stock, from 10,000,000 shares to 50,000,000 shares, shall have been approved by a vote of the shareholders of United.

8.11 Fairness Opinion. Independent shall have received from

Alex Sheshunoff and Company an opinion, dated no more than five business days prior to the date of the Independent Proxy Materials, that the consideration to be received by Independent shareholders as a result of the Merger is fair from a financial point of view.

ARTICLE IX

WARRANTIES, NOTICES, ETC.

9.1 Warranties. All statements contained in any certificate or

other instrument delivered by or on behalf of Independent or United pursuant hereto or in connection with the transactions contemplated hereby shall be deemed representations and warranties hereunder by them. Unless the context otherwise requires, the representations and warranties required of Independent shall be required to be made, and shall be considered made, on behalf of both Independent and its subsidiary Independent Bank, and the representations and warranties required of United, shall be required to be made, and shall be considered made, on behalf of United and the United Subsidiaries.

9.2 Survival of Representations. All representations,

warranties, covenants, and agreements made by either party hereto in or pursuant to this Agreement or in any instrument, exhibit, or certificate delivered pursuant hereto shall be deemed to have been material and to have been relied upon by the party to which made, but, except as set forth hereafter or specifically stated in this Agreement, such representations, warranties, covenants, and agreements shall expire and be of no further force and effect upon the consummation of the Merger; provided, however, that the following shall survive consummation of the Merger and the transactions contemplated hereby:

(a) the opinions of counsel referred to in Sections 7.3(f) and 8.3(e) of this Agreement;

(b) any intentional misrepresentation of any material fact made by either party hereto in or pursuant to this Agreement or in any instrument, document or certificate delivered pursuant hereto; and

(c) the covenant with respect to the confidentiality of certain information contained in Section 3.5 hereof.

9.3 Notices. All notices or other communications required or

permitted to be given or made hereunder shall be in writing and delivered personally or sent by pre-paid, first class certified or registered mail, return receipt requested, or by facsimile transmission, to the intended recipient thereof at its address or facsimile number set out below. Any such notice or communication shall be deemed to have been duly given immediately (if given or made in person or by facsimile confirmed by mailing a copy thereof to the recipient in accordance with this Paragraph 9.3 on the date of such facsimile), or five days after mailing (if given or made by mail), and in proving same it shall be sufficient to show that the envelope containing the same was delivered to the delivery service and duly addressed, or that receipt of a facsimile was confirmed by the recipient as provided above. Either party may change the address to which notices or other communications to such party shall be delivered or mailed by giving notice thereof to the other party hereto in the manner provided herein.

(a) To Independent: Independent Bancshares, Inc.
4484 Marietta Street
Powder Springs, Georgia 30127
Attention: James H. Powell
President & CEO
Facsimile:

With copies to: Powell, Goldstein, Frazer &
Murphy LLP
191 Peachtree Street, N.E.
Suite 1600
Atlanta, Georgia 30303
Attention: Walter G. Moeling,
IV
Facsimile: (404) 572-6999

(b) To United: United Community Banks, Inc.
P.O. Box 398
Blairsville, Georgia 30512
Attention: Jimmy Tallent
President
Facsimile: (706) 745-1335

With copies to: Kilpatrick Stockton LLP
Suite 2800
1100 Peachtree Street
Atlanta, Georgia 303039-4530
Attention: Richard R. Cheatham
Facsimile: (404) 815-6555

9.4 Entire Agreement. This Agreement and the Merger Agreement

supersede all prior discussions and agreements between Independent and United with respect to the Merger and the other matters contained herein and therein, and this Agreement and the Merger Agreement contain the sole and entire agreement between Independent and United with respect to the transactions contemplated herein and therein.

9.5 Waiver; Amendment. Prior to or on the Closing Date, United

shall have the right to waive any default in the performance of any term of this Agreement by Independent, to waive or extend the time for the fulfillment by Independent of any or all of Independent's obligations under this Agreement, and to waive any or all of the conditions precedent to the obligations of United under this Agreement, except any condition which, if not satisfied, would result in the violation of any law or applicable governmental regulation. Prior to or on the Closing Date, Independent shall have the right to waive any default in the performance of any term of this Agreement by United, to waive or extend the time for the fulfillment by United of any or all of United's obligations under this Agreement, and to waive any or all of the conditions precedent to the obligations of Independent under this Agreement, except any condition which, if not satisfied, would result in the violation of any law or applicable governmental regulation. This Agreement may be amended by a subsequent writing signed by the parties hereto, provided, however, that the provisions of Sections 7.5 and 8.5 requiring regulatory approval shall not be amended by the parties hereto without regulatory approval.

ARTICLE X

TERMINATION

This Agreement may be terminated at any time prior to or on the Closing Date upon written notice to the other party as follows, and, upon any such termination of this Agreement, neither party hereto shall have any liability to the other, except that the provisions of Section 3.5 hereof shall survive the termination of this Agreement for any reason.

10.1 Material Adverse Change. (a) By United, if, after the

date hereof, a material adverse change in the financial condition or business of Independent shall have occurred which change would reasonably be expected to have a material adverse affect on the market price of Independent Stock, or if Independent shall have suffered a material loss or damage to any of its properties or assets, which change, loss or damage materially affects or impairs

its ability to conduct its business. (b) By Independent, if, after the date hereof, a material adverse change in the financial condition or business of United shall have occurred which change would reasonably be expected to have a material adverse effect on the market price of United Stock, or if United shall have suffered a material loss or damage to any its properties or assets, which change, loss or damage materially affects or impairs its ability to conduct its business.

10.2 Noncompliance. (a) By United, if the terms, covenants or

conditions of this Agreement to be complied with or performed by Independent before the Closing shall not have been substantially complied with or substantially performed at or before the Closing Date and such noncompliance or nonperformance shall not have been waived by United. (b) By Independent, if the terms, covenants or conditions of this Agreement to be complied with or performed by United before the Closing shall not have been substantially complied with or substantially performed at or before the Closing Date and such noncompliance or nonperformance shall not have been waived by Independent.

10.3 Failure to Disclose. (a) By United, if it learns of any

fact or condition not disclosed in this Agreement, the Independent Disclosure Memorandum, or the 1999 Independent Financial Statements, which was required to be disclosed by Independent pursuant to the provisions of this Agreement at or prior to the date of execution hereof with respect to the business, properties, assets or earnings of Independent which materially and adversely affects such business, properties, assets or earnings or the ownership, value or continuance thereof. (b) By Independent, if it learns of any fact or condition not disclosed in this Agreement or the 1999 United Financial Statements, which was required to be disclosed by United pursuant to the provisions of this Agreement at or prior to the date of execution hereof with respect to the business, properties, assets or earnings of United which materially and adversely affect such business, properties, assets or earnings or the ownership, value or continuance thereof.

10.4 Adverse Proceedings. By either party, if any action, suit

or proceeding shall have been instituted or threatened against either party to this Agreement to restrain or prohibit, or to obtain substantial damages in respect of, this Agreement or the consummation of the transactions contemplated herein, which, in the good faith opinion of Independent or United makes consummation of the transactions herein contemplated inadvisable.

10.5 Termination Date. By either party, if the Closing Date

shall not have occurred on or before August 31, 2000.

10.6 Dissenters. By United, if the holders of more than

155,852 shares of the outstanding Independent Stock elect to exercise this statutory right to dissent from the Merger and demand payment in cash for the "fair value" of their shares.

10.7 Shareholders Vote. By either party, if the Merger

Agreement is not approved by the Vote of the holders of Independent Stock as required by applicable law.

10.8 Environmental Liability of Independent. By United, if it

learns of any potential liability of Independent arising from noncompliance with any federal, state or local environmental law by Independent, or any potential liability of Independent arising from any environmental condition of the properties or assets of Independent, including any properties or assets in which Independent holds a security interest.

ARTICLE XI

COUNTERPARTS, HEADINGS, ETC.

This Agreement may be executed simultaneously in any number of counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument. The headings herein set out are for convenience of reference only and shall not be deemed a part of this Agreement. A pronoun in one gender includes and applies to the other genders as well.

ARTICLE XII

BINDING EFFECT

This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns; provided, however, that this Agreement may not be assigned by either party without the prior written consent of the other.

ARTICLE XIII

GOVERNING LAW

The validity and effect of this Agreement and the Merger Agreement and the rights and obligations of the parties hereto and thereto shall be governed by and construed and enforced in accordance with the laws of the State of Georgia.

IN WITNESS WHEREOF, Independent and United have caused this Agreement to be executed by their respective duly authorized corporate officers and their respective corporate seals to be affixed hereto as of the day and year first above written.

INDEPENDENT BANCSHARES, INC.

(CORPORATE SEAL)

By: _____
Name: _____
Title: _____

Attest:

Secretary

UNITED COMMUNITY BANKS, INC.

(CORPORATE SEAL)

By: /s/ Jimmy C. Tallent

Name: Jimmy Tallent
Title: President

Attest:

/s/ Billy M. Decker

Secretary

EXHIBIT A

AGREEMENT AND PLAN OF MERGER

THIS AGREEMENT AND PLAN OF MERGER (the "Agreement") is made and entered into as of this ____ day of ____, 2000, by and between UNITED COMMUNITY BANKS, INC. ("United") and INDEPENDENT BANCSHARES, INC. ("Independent"), both Georgia corporations (said corporations are hereinafter collectively referred to as the "Constituent Corporations").

R E C I T A L S:
- - - - -

WHEREAS, the authorized capital stock of United consists of 10,000,000 shares of Common Stock, \$1.00 par value per share (the "United Stock"), of which 8,429,090 shares are issued and outstanding; and

WHEREAS, the authorized capital stock of Independent consists of 10,000,000 shares of Common Stock, \$1.00 par value per share, of which 2,067,439 shares are issued and outstanding, including options to acquire 119,283 shares of Common Stock ("Independent Stock"); and

WHEREAS, the respective Boards of Directors of the Constituent Corporations deem it advisable and in the best interests of each such corporation and its shareholders that Independent merge with United, with United being the surviving corporation; and

WHEREAS, the respective Boards of Directors of the Constituent Corporations, by resolutions duly adopted, have unanimously approved and adopted this Agreement, and the Board of Directors of Independent, by resolution duly adopted, has directed that this Agreement be submitted to the shareholders of Independent for their approval; and

WHEREAS, United has agreed to issue shares of United Stock which shareholders of Independent will be entitled to receive, according to the terms and conditions contained herein, on or after the Effective Date (as defined herein) of the merger provided for herein.

NOW, THEREFORE, for and in consideration of the premises and the mutual agreements herein contained, and other good and valuable consideration, the receipt and adequacy of which as legally sufficient consideration are hereby acknowledged, the parties hereto have agreed and do hereby agree, as follows:

1. MERGER.

Pursuant to and with the effects provided in the applicable provisions of Article 11 of the Georgia Business Corporation Code, as amended (Chapter 2 of Title 14 of the Official Code of Georgia), Independent (hereinafter sometimes referred to as the "Merged Corporation") shall be merged

with and into United (the "Merger"). United shall be the surviving corporation (the "Surviving Corporation") and shall continue under the name "United Community Banks, Inc." On the Effective Date (as defined herein) of the Merger, the individual existence of the Merged Corporation shall cease and terminate.

2. ACTIONS TO BE TAKEN.

The acts and things required to be done by the Georgia Business Corporation Code in order to make this Agreement effective, including the submission of this Agreement to the shareholders of the Merged Corporation and the filing of the Certificate of Merger relating hereto in the manner provided in said Code, shall be attended to and done by the proper officers of the Constituent Corporations with the assistance of counsel as soon as practicable.

3. EFFECTIVE DATE.

The Merger shall be effective upon the approval of this Agreement by the shareholders of the Merged Corporation and the filing of the Certificate of Merger relating hereto in the manner provided in the Georgia Business Corporation Code (the "Effective Date").

4. ARTICLES OF INCORPORATION AND BYLAWS OF THE SURVIVING

CORPORATION.

(a) The Articles of Incorporation of United, as heretofore amended, shall on the Effective Date be the Articles of Incorporation of the Surviving Corporation.

(b) Until altered, amended or repealed, as therein provided, the Bylaws of United as in effect on the Effective Date shall be the Bylaws of the Surviving Corporation.

5. MANNER AND BASIS OF CONVERTING SHARES OF CAPITAL STOCK;

CAPITAL STRUCTURE OF THE SURVIVING CORPORATION.

The manner and basis of converting the shares of capital stock of each of the Constituent Corporations into shares of the Surviving Corporation shall be as follows:

(a) Upon the Effective Date each of the shares of Independent Stock outstanding on the Effective Date shall be converted into fully paid and nonassessable shares of United Stock at the rate of .4211 shares of United Stock for each outstanding share of Independent Stock. If either party should change the number of its outstanding shares as a result of a stock split, stock dividend, or similar recapitalization with respect to such shares prior to the Effective Date then the shares to be issued hereunder to holders of Independent Stock shall be proportionately adjusted.

(b) No scrip or fractional share certificates of United Stock shall be issued in connection with the Merger and an outstanding fractional share interest will not entitle the owner thereof to vote, to receive dividends or to have any of the rights of a shareholder with respect to such fractional interest. In lieu of any fractional interest, there shall be paid in cash an amount (computed to the nearest cent) equal to such fraction multiplied by \$38.00.

(c) Upon the Effective Date, all rights with respect to Independent Stock pursuant to stock options (the "Independent Stock Options") granted by Independent which are outstanding at the Effective Date, whether or not exercisable, shall be converted into and become rights with respect to United Stock, and United shall assume each Independent Stock Option in accordance with the terms of the stock option plan and the stock option agreement by which it is evidenced. From and after the Effective Date, (i) each Independent Stock Option assumed by United may be exercised solely for shares of United Stock, (ii) the number of shares of United Stock subject to such Independent Stock Option shall be equal to the product of the number of shares of Independent Stock subject to such Independent Stock Option immediately prior to the Effective Date multiplied by .4211, and (iii) the per share exercise price under each such Independent Stock Option shall be adjusted by dividing the per share exercise price by .4211 and rounding down to the nearest cent.

(d) As soon as practicable after the Effective Date, each holder as of the Effective Date of any of the shares of Independent Stock, upon presentation and surrender of the certificates representing such shares to United, shall be entitled to receive in exchange therefor a certificate representing the number of shares of United Stock to which such shareholder shall be entitled according to the terms of this Agreement. Until such surrender, each such outstanding certificate which prior to the Effective Date represented Independent Stock shall be deemed for all corporate purposes to evidence ownership of the number of shares of United Stock into which the same shall have been converted and the right to receive payment for fractional shares.

(e) Upon the Effective Date, each share of United Stock issued and outstanding immediately prior to the Effective Date shall continue unchanged and shall continue to evidence a share of common stock of the Surviving Corporation.

6. TERMINATION OF SEPARATE EXISTENCE.

Upon the Effective Date, the separate existence of the Merged Corporation shall cease and the Surviving Corporation shall possess all of the rights, privileges, immunities, powers and franchises, as well of a public nature as of a private nature, of each of the Constituent Corporations; and all property, real, personal and mixed, and all debts due on whatever account, and all other choses in action, and all and every other interest of or belonging to or due to each of the Constituent Corporations shall be taken and deemed to be transferred to and vested in the Surviving Corporation without further act or deed, and the title to any real estate or any interest therein, vested in either of the Constituent Corporations shall not revert or be in any way impaired by reason of the Merger. The Surviving Corporation shall thenceforth be responsible and liable for all the liabilities, obligations and penalties of each of the Constituent Corporations; and any claim existing or action or proceeding, civil or criminal, pending by or against either of said Constituent Corporations may be prosecuted as if the Merger had not taken place, or the Surviving Corporation may be substituted in its place, and any judgment rendered against either of the Constituent Corporations may thenceforth be enforced against the Surviving Corporation; and neither the rights of creditors nor any liens upon the property of either of the Constituent Corporations shall be impaired by the Merger.

7. FURTHER ASSIGNMENTS.

If at any time the Surviving Corporation shall consider or be advised that any further assignments or assurances in law or any other things are necessary or desirable to vest in said corporation, according to the terms hereof, the title to any property or rights of the Merged Corporation, the proper officers and directors of the Merged Corporation shall and will execute and make all such proper assignments and assurances and do all things necessary and proper to vest title in such property or rights in the Surviving Corporation, and otherwise to carry out the purposes of this Agreement.

8. CONDITIONS PRECEDENT TO CONSUMMATION OF THE MERGER.

This Agreement is subject to, and consummation of the Merger is conditioned upon, the fulfillment as of the Effective Date of each of the following conditions:

(a) Approval of this Agreement by the affirmative vote of the holders of a majority of the outstanding voting shares of Independent Stock; and

(b) All the terms, covenants, agreements, obligations and conditions of the Agreement and Plan of Reorganization (the "Acquisition Agreement") of even date herewith by and between Independent and United to be complied with, satisfied and performed on or prior to the Closing Date (as defined therein), shall have been complied with, satisfied and performed in all material respects unless accomplishment of such covenants, agreements, obligations and conditions has been waived by the party benefited thereby.

9. TERMINATION.

This Agreement may be terminated and the Merger abandoned in accordance with the terms of the Acquisition Agreement, at any time before or after adoption of this Agreement by the directors of either of the Constituent Corporations, notwithstanding favorable action on the Merger by the shareholders of the Merged Corporation, but not later than the issuance of the certificate of merger by the Secretary of State of Georgia with respect to the Merger in accordance with the provisions of the Georgia Business Corporation Code.

10. COUNTERPARTS; TITLE; HEADINGS.

This Agreement may be executed simultaneously in any number of counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument. The title of this Agreement and the headings herein set out are for the convenience of reference only and shall not be deemed a part of this Agreement.

11. AMENDMENTS; ADDITIONAL AGREEMENTS.

At any time before or after approval and adoption by the shareholders of Independent, this Agreement may be modified, amended or supplemented by additional agreements, articles or certificates as may be determined in the judgment of the respective Boards of Directors of the Constituent Corporations to be necessary, desirable or expedient to further the purposes of this Agreement, to clarify the intention of the parties, to add to or modify the covenants, terms or conditions contained herein or to effectuate or facilitate any governmental approval of the Merger or this Agreement, or otherwise to effectuate or facilitate the consummation of the transactions contemplated hereby; provided, however, that no such modification, amendment or supplement shall reduce to any extent the consideration into which shares of Independent Stock shall be converted in the Merger pursuant to Section 5 hereof.

IN WITNESS WHEREOF, the Constituent Corporations have each caused this Agreement to be executed on their respective behalfs and their respective corporate seals to be affixed hereto as of the day and year first above written.

UNITED COMMUNITY BANKS, INC.

(CORPORATE SEAL)

By: _____
Jimmy Tallent
President

ATTEST:

Secretary

INDEPENDENT BANCSHARES, INC.

(CORPORATE SEAL)

By: _____
Name: _____
Title: _____

Secretary

EXHIBIT B

United Community Banks, Inc.
P.O. Box 398
Blairsville, Georgia 30512

Gentlemen:

In connection with the proposed merger (the "Merger") of Independent Bancshares, Inc. ("Independent") with and into United Community Banks, Inc. ("United"), pursuant to the Agreement and Plan of Reorganization of even date herewith among United and Independent (the "Reorganization Agreement"), the undersigned hereby covenants, represents and warrants as follows:

1. Recommendation for Merger and Voting of Independent Stock. The undersigned agrees to recommend to all holders of the capital stock of Independent ("Independent Stock") that they vote in favor of the Merger. In addition, the undersigned agrees to vote any and all shares of Independent Stock owned or controlled by him in favor of the Merger.

2. Compliance with Securities Laws. The undersigned acknowledges that he will be subject to the restrictions on resales contained in Rule 145 of the Rules and Regulations of the Securities and Exchange Commission ("SEC") under the Securities Act of 1933, as amended, and agrees to sell, transfer or otherwise dispose of any shares of capital stock of United ("United Stock") received by him pursuant to the Merger only in compliance with the provisions of such Act and Rule. The undersigned acknowledges that United is not under any obligation to file a registration statement with the SEC covering the disposition of the undersigned's shares of United Stock to be received pursuant to the Merger.

3. Restrictive Legend. The undersigned agrees that the certificates representing shares of United Stock to be issued to the undersigned pursuant to the Merger will be stamped or otherwise imprinted with a legend in substantially the following form:

The shares represented by this certificate may not be sold, transferred or otherwise disposed of except in a transaction covered by an effective registration statement under the Securities Act of 1933, as amended, or in accordance with Rule 145 promulgated thereunder, or in accordance with a legal opinion satisfactory to the Company that such sale or transfer is otherwise exempt from the requirements of such Act.

4. Initial Restriction on Disposition. The undersigned agrees that the undersigned will not, except by operation of law, by will or under the laws of descent and distribution, sell, transfer, or otherwise dispose of the undersigned's interests in, or reduce the undersigned's risk relative to, any of the shares of United Stock into which the undersigned's shares of Independent Stock are converted upon consummation of the Merger until such time as United

notifies the undersigned that the requirements of SEC Accounting Series Release Nos. 130 and 135 ("ASR 130 and 135") have been met. The undersigned understands that ASR 130 and 135 relate to publication of financial results of post-Merger combined operations of United and Independent. United agrees that it will publish such results within 45 days after the end of the first fiscal quarter of United containing the required period of post-Merger combined operations and that it will notify the undersigned promptly following such publication.

Sincerely,

[Director or Executive Officer]

EXHIBIT D

(1) Independent was duly organized as a corporation, and is existing and in good standing, under the laws of the State of Georgia.

(2) Independent the corporate power to execute and deliver the Agreement and Plan of Reorganization Agreement (the "Reorganization Agreement") and the Agreement and Plan of Merger Agreement (the "Merger Agreement"), to perform its obligations thereunder, to own and use its Assets and to conduct its business.

(3) Independent has duly authorized the execution and delivery of the Reorganization Agreement and the Merger Agreement and all performance by Independent thereunder, and has duly executed and delivered the Reorganization Agreement and the Merger Agreement.

(4) No consent, approval, authorization or other action filed by, or filing with, any governmental authority of the United States or the State of Georgia is required for Independent's execution and delivery of the Reorganization Agreement and the Merger Agreement and consummation of the Transaction, which consent, approval or authorization has not been previously received.

(5) The Reorganization Agreement and the Merger Agreement are enforceable against Independent.

(6) The authorized capital stock of Independent consists of 10,000,000 shares of Common Stock, \$1.00 par value per share, of which 2,067,439 shares are issued and outstanding. All of the issued and outstanding capital stock of Independent has been duly authorized and validly issued and are fully paid and non-assessable and, to such counsel's knowledge, there are no outstanding options, warrants, rights, calls, commitments, conversion rights, plans or other agreements providing for the purchase or issuance of any authorized but unissued shares of such capital stock.

EXHIBIT E

(1) United was duly organized as a corporation, and is existing and in good standing, under the laws of the State of Georgia.

(2) United has the corporate power to execute and deliver the Agreement and Plan of Reorganization (the "Reorganization Agreement") and the Agreement and Plan of Merger (the "Merger Agreement") to perform its obligations thereunder, to own and use its Assets and to conduct its business.

(3) United has duly authorized the execution and delivery of the Reorganization Agreement and the Merger Agreement and all performance by United thereunder, and has duly executed and delivered the Reorganization Agreement and Merger Agreement:

(4) No consent, approval, authorization or other action filed by, or filing with, any governmental authority of the United States or the State of Georgia is required for United's execution and delivery of the Reorganization Agreement and the Merger Agreement and consummation of the Transaction, which consent, approval or authorization has not been previously received.

(5) The Reorganization Agreement and the Merger Agreement are enforceable against United.

(6) The shares of United Stock to be issued upon consummation of the Merger have been duly authorized and upon issuance as contemplated in the Merger Agreement, will be validly issued, fully paid and non-assessable.

THIS AGREEMENT AND PLAN OF REORGANIZATION (the "Agreement") is made and entered into as of this 3rd day of March, 2000, by and between NORTH POINT BANCSHARES, INC., a Georgia business corporation (hereinafter "North Point," and unless the context otherwise requires, the term "North Point" shall include both North Point Bancshares, Inc. and its subsidiary Dawson County Bank ("Dawson Bank")), and UNITED COMMUNITY BANKS, INC., a Georgia business corporation (hereinafter "United," and unless the context otherwise requires, the term "United" shall include United Community Banks, Inc. and its subsidiaries, United Community Bank, a Georgia banking corporation, Peoples Bank of Fannin County, a Georgia banking corporation, White County Bank, a Georgia banking corporation, Towns County Bank, a Georgia banking corporation, Bank of Adairsville, a Georgia banking corporation, Carolina Community Bank, a North Carolina banking corporation, First Clayton Bank & Trust Company, a Georgia banking corporation, 1st Floyd Bank, a Georgia banking corporation and United Family Finance Company, a Georgia business corporation).

R E C I T A L S:

WHEREAS, the respective boards of directors of North Point and United deem it advisable and in the best interests of each such entity and their respective shareholders that North Point merge with United (the "Merger"), with United being the surviving corporation and with all of the issued and outstanding shares of common stock, \$5.00 par value per share, of North Point ("North Point Stock") being converted into the right to receive shares of the authorized common stock, \$1 par value per share, of United ("United Stock"), all upon the terms and conditions hereinafter set forth and as set forth in the Agreement and Plan of Merger attached hereto as Exhibit A and incorporated herein by reference (the "Merger Agreement"); and

WHEREAS, the boards of directors of the respective entities believe that the merger of North Point and United and the synergies produced thereby will greatly enhance and strengthen the franchises and future prospects of both companies;

NOW, THEREFORE, for and in consideration of the premises and the mutual covenants and agreements herein contained, and other good and valuable consideration, the receipt and adequacy of which as legally sufficient consideration are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I

CLOSING

The transactions contemplated herein shall be consummated (the "Closing") at the offices of Kilpatrick Stockton LLP, Suite 2800, 1100 Peachtree Street, Atlanta, Georgia, on the first business day following receipt of all approvals from any governmental authorities having jurisdiction over the transactions contemplated by this Agreement and the Merger Agreement, and the expiration of any waiting or similar period required by applicable law (the "Closing Date"), or at such other time and place as may be mutually satisfactory to the parties hereto.

ARTICLE II

MERGER

Pursuant to the terms and conditions provided herein, on the Closing Date North Point and United shall be merged in accordance with and in the manner set forth in the Merger Agreement. The surviving corporation following the Merger will operate under the Articles of Incorporation of United and will be the parent holding company of Dawson County Bank, a Georgia banking corporation, United Community Bank, a Georgia banking corporation, Peoples Bank of Fannin County, a Georgia banking corporation, White County Bank, a Georgia banking corporation, Towns County Bank, a Georgia banking corporation, Bank of Adairsville, a Georgia banking corporation, Carolina Community Bank, a North Carolina banking corporation, Clayton Bank & Trust Company, a Georgia banking corporation, 1st Floyd Bank, a Georgia banking corporation and United Family Finance Company, a Georgia business corporation, the latter nine of which are currently wholly-owned subsidiaries of United. Upon the terms and conditions of this Agreement and the Merger Agreement, United shall make available on or before the Effective Date (as defined in the Merger Agreement) for delivery to the holders of North Point Stock (i) the number of shares of United Stock to be issued upon conversion of the shares of North Point Stock and (ii) sufficient funds to provide for cash payments in lieu of the issuance of fractional shares as provided in the Merger Agreement, provided, however, that unless and until a holder of North Point Stock entitled to receive United Stock pursuant to the Merger shall have surrendered his North Point Stock certificate(s) or unless otherwise required by law, the holder of such certificate(s) shall not have any right to receive payment of any dividends or other distributions on the shares of United Stock or receive any notices sent by United to its shareholders or to vote such shares.

ARTICLE III

OTHER AGREEMENTS

3.1 Registration of United Stock. United agrees to file with

the Securities and Exchange Commission (the "SEC") as soon as reasonably practical a registration statement (the "United Registration Statement") under the Securities Act of 1933, as amended (the "1933 Act"), on Form S-4 or some other appropriate form covering the issuance of the shares of United Stock to the shareholders of North Point pursuant to this Agreement and the Merger Agreement and to use its reasonable best efforts to cause the United

Registration Statement to become effective and to remain effective through the Closing Date. United agrees to take any action required to be taken under the applicable state securities laws in connection with the issuance of shares of United Stock upon consummation of the Merger. North Point agrees to provide

United reasonable assistance as necessary in the preparation of the United Registration Statement, including, without limitation, providing United with all material facts regarding the operations, business, assets, liabilities and personnel of North Point, together with the audited financial statements of North Point, all as required by the 1933 Act and the rules, regulations and practices of the SEC, for inclusion in the United Registration Statement. The United Registration Statement shall not cover resales of United Stock by any of the shareholders of North Point, and United shall have no obligation to cause the United Registration Statement to continue to be effective after the Closing or to prepare or file any post-effective amendments to the United Registration Statement after the Closing.

3.2 Meeting of Shareholders of North Point. North Point shall

call a special meeting of its shareholders (the "Special Meeting") to be held not more than forty-five (45) days after the United Registration Statement becomes effective under the 1933 Act for the purpose of submitting the Merger Agreement to such shareholders for their approval. In connection with the Special Meeting, United and North Point shall prepare and submit to the North Point shareholders a notice of meeting, proxy statement and proxy (the "North Point Proxy Materials"), which shall include the final prospectus from the United Registration Statement in the form filed with the SEC.

3.3 Absence of Brokers. Each party hereto represents and

warrants to the other that no broker, finder or other financial consultant has acted on its behalf in connection with this Agreement or the transactions contemplated hereby. Each party agrees to indemnify the other and hold and save it harmless from any claim or demand for commissions or other compensation by any broker, finder, financial consultant or similar agent claiming to have been employed by or on behalf of such party.

3.4 Access to Properties, Books, Etc. Each party hereto shall

allow the other party and its authorized representatives full access during normal business hours from and after the date hereof and prior to the Closing Date to all of the respective properties, books, contracts, commitments and records of such party and its subsidiaries and shall furnish the other party and its authorized representatives such information concerning its affairs and the affairs of its subsidiaries as the other party may reasonably request provided that such request shall be reasonably related to the transactions contemplated by this Agreement and shall not interfere unreasonably with normal operations. Each party shall cause its and its subsidiaries' personnel, employees and other representatives to assist the other party in making any such investigation. During such investigation, the investigating party and its authorized representatives shall have the right to make copies of such records, files, tax returns and other materials as it may deem advisable and shall advise the other party of those items of which copies are made. No investigation made heretofore or hereafter by either party and its authorized representatives shall affect the representations and warranties of either such party hereunder.

3.5 Confidentiality. Prior to consummation of the Merger, the

parties to this Agreement will provide one another with information which may be deemed by the party providing the information to be confidential. Each party agrees that it will hold confidential and protect all information provided to it by the other party to this Agreement or such party's affiliates, except that the obligations contained in this Section 3.5 shall not in any way restrict the rights of any party or person to use information that (i) was known to such party prior to the disclosure by the other party; (ii) is or becomes generally

available to the public other than by breach of this Agreement; (iii) is provided by one party for disclosure concerning such party in the United Registration Statement; or (iv) otherwise becomes lawfully available to a party to this Agreement on a nonconfidential basis from a third party who is not under an obligation of confidence to the other party to this Agreement. If this Agreement is terminated prior to the Closing, each party hereto agrees to return all documents, statements and other written materials, whether or not confidential, and all copies thereof, provided to it by or on behalf of the other party to this Agreement. The provisions of this Section 3.5 shall survive termination, for any reason whatsoever, of this Agreement, and, without limiting the remedies of the parties hereto in the event of any breach of this Section 3.5, the parties hereto will be entitled to seek injunctive relief against the other party in the event of a breach or threatened breach of this Section 3.5.

3.6 Full Cooperation. The parties shall cooperate fully with

each other in connection with any acts or actions required to be taken as part of their respective obligations under this Agreement.

3.7 Expenses. All of the expenses incurred by United in

connection with the authorization, preparation, execution and performance of this Agreement and the Merger Agreement including, without limitation, all fees and expenses of its agents, representatives, counsel and accountants and the fees and expenses related to filing the United Registration Statement and all regulatory applications with state and federal authorities in connection with the transactions contemplated hereby and thereby, shall be paid by United. All expenses incurred by North Point in connection with the authorization, preparation, execution and performance of this Agreement and the Merger Agreement, including, without limitation, all fees and expenses of its agents, representatives, counsel and accountants for North Point (except for the cost of reproducing and mailing the North Point Proxy Materials which shall be equally divided between United and North Point), shall be paid by North Point.

3.8 Preservation of Goodwill. Each party hereto shall use its

best efforts to preserve its business organization and the business organization of its subsidiaries, to keep available the services of its present employees and of the present employees of its subsidiaries, and to preserve the goodwill of customers and others having business relations with such party or its subsidiaries.

3.9 Approvals and Consents. Each party hereto represents and

warrants to and covenants with the other that it will use its best efforts, and will cause its officers, directors, employees and agents and its subsidiaries and any subsidiary's officers, directors, employees and agents to use their best efforts, to obtain as soon as is reasonably practicable all approvals and consents of state and federal departments or agencies required or deemed necessary for consummation of the transactions contemplated by this Agreement and the Merger Agreement.

3.10 Agreement by North Point Executive Officers and

Directors. Each of the directors and executive officers of North Point will,

contemporaneously with the execution of this Agreement, execute and deliver to United an agreement, the form of which is attached hereto as Exhibit B, pursuant to which each of them agrees, subject to their fiduciary duty, (i) to recommend to North Point shareholders approval of the Merger, (ii) to vote the capital

stock of North Point owned or controlled by them in favor of the Merger, and (iii) to transfer or assign shares of United Stock received by them in connection with the Merger only in compliance with the 1933 Act, applicable state securities laws and the rules and regulations promulgated under either.

3.11 Press Releases. Prior to the Effective Date, North Point

and United shall agree with each other as to the form and substance of any press release or other public disclosure materially related to this Agreement or any other transaction contemplated hereby; provided, however, that nothing in this Section 3.11 shall be deemed to prohibit any Party from making any disclosure which its counsel deems necessary or advisable in order to satisfy such Party's disclosure obligations imposed by law.

3.12 Employee Benefits and Contracts. Following the Effective

Date, United shall provide generally to officers, employees and former employees of North Point who continue employment with United employee benefits on terms and conditions which, when taken as a whole, are substantially similar to those then currently provided by United to its other similarly situated officers, employees and former employees. For purposes of eligibility to participate and any vesting determinations in connection with the provision of any such employee benefits, service with North Point prior to the Effective Date shall be counted. United shall also honor in accordance with their terms all employment, severance, consulting, option and other contracts of a compensatory nature to the extent disclosed in the North Point Disclosure Memorandum between North Point and any current or former director, officer or employee thereof and no other contracts of the types described that are not so disclosed shall be deemed to be assumed by United by reason of this Section 3.12. If, during the calendar year in which falls the Effective Date, United shall terminate any "group health plan", within the meaning of Section 4980B(g)(2) of the Internal Revenue Code, in which one or more North Point employees participated immediately prior to the Effective Date (a "North Point Plan"), United shall cause any successor group health plan to waive any underwriting requirements; to give credit for any such North Point employee's participation in the North Point Plan prior to the Effective Date for purposes of applying any pre-existing condition limitations set forth therein; and to give credit for covered expenses paid by any such North Point employee under a North Point Plan prior to the Effective Date towards satisfaction of any annual deductible limitation and out-of-pocket maximum applied under such successor group health plan. United also shall be considered a successor employer for and shall provide to "qualified beneficiaries", determined immediately prior to the Effective Date, under any North Point Plan appropriate "continuation coverage" (as those terms are defined in Section 4980B of the Internal Revenue Code) following the Effective Date under either the North Point Plan or any successor group health plan maintained by United.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF NORTH POINT

As an inducement to United to enter into this Agreement and to consummate the transactions contemplated hereby, North Point represents, warrants, covenants and agrees as follows:

4.1 North Point Disclosure Memorandum. By March 17, 2000,

North Point will deliver to United a memorandum (the "North Point Disclosure Memorandum") containing certain information regarding North Point as indicated at various places in this Agreement. All information set forth in the North Point Disclosure Memorandum or in documents incorporated by reference in the North Point Disclosure Memorandum is true, correct and complete, does not omit to state any fact necessary in order to make the statements therein not misleading, and shall be deemed for all purposes of this Agreement to constitute part of the representations and warranties of North Point under this Article IV. The information contained in the North Point Disclosure Memorandum shall be deemed to be part of and qualify all representations and warranties contained in this Article IV and the covenants in Article V to the extent applicable. All information in each of the documents and other writings furnished to United pursuant to this Agreement or the North Point Disclosure Memorandum is or will be true, correct and complete and does not and will not omit to state any fact necessary in order to make the statements therein not misleading. North Point shall promptly provide United with written notification of any event, occurrence or other information necessary to maintain the North Point Disclosure Memorandum and all other documents and writings furnished to United pursuant to this Agreement as true, correct and complete in all material respects at all times prior to and including the Closing. North Point agrees that upon receipt of the North Point Disclosure Memorandum, United shall have until March 24, 2000 to review the North Point Disclosure Memorandum and to terminate this Agreement if for any reason in its sole discretion United believes that proceeding with the Merger in light of the contents of such memorandum would be detrimental to United.

4.2 Corporate and Financial.

4.2.1 Authority. Subject to the approval of

various state and federal regulators and North Point Shareholders, the execution, delivery and performance of this Agreement and the other transactions contemplated or required in connection herewith will not, with or without the giving of notice or the passage of time, or both, (a) violate any provision of federal or state law applicable to North Point, the violation of which could be reasonably expected to have a material adverse effect on the business, operations, properties, assets, financial condition or prospects of North Point; (b) violate any provision of the articles of incorporation or bylaws of North Point; (c) conflict with or result in a breach of any provision of, or termination of, or constitute a default under any instrument, license, agreement, or commitment to which North Point is a party, which, singly or in the aggregate, could reasonably be expected to have a material adverse effect on the business, operations, properties, assets, financial condition or prospects of North Point; or (d) constitute a violation of any order, judgment or decree

to which North Point is a party, or by which North Point or any of its assets or properties are bound. Assuming this Agreement constitutes the valid and binding obligation of United, this Agreement constitutes the valid and binding obligation of North Point, and is enforceable in accordance with its terms, except as limited by laws affecting creditors' rights generally and by the discretion of courts to compel specific performance.

4.2.2 Corporate Status. North Point is a business

corporation duly organized, validly existing and in good standing under the laws of the state of Georgia and has no direct or indirect subsidiaries other than Dawson Bank. Dawson Bank is a banking corporation duly organized and validly existing under the laws of the State of Georgia. North Point and Dawson Bank have all of the requisite corporate power and authority and are entitled to own or lease their respective properties and assets and to carry on their respective businesses as and in the places where such properties or assets are now owned, leased or operated and such businesses are now conducted.

4.2.3 Capital Structure. (a) North Point has an

authorized capital stock consisting of 5,000,000 shares, \$5.00 par value of common stock, of which 428,385 shares of common stock are issued and outstanding as of the date hereof. Dawson Bank has an authorized capital stock consisting solely of 5,000,000 shares of Common Stock, par value \$5.00 ("Dawson Bank Stock"), of which 60,000 shares are issued and outstanding as of the date hereof. All of the outstanding shares of North Point Stock and Dawson Bank Stock are duly and validly issued, fully paid and non-assessable and were offered, issued and sold in compliance with all applicable federal and state securities laws. No person has any right of rescission or claim for damages under federal or state securities laws with respect to the issuance of any shares of North Point Stock or Dawson Bank Stock previously issued. None of the shares of North Point Stock or Dawson Bank Stock has been issued in violation of any preemptive or other rights of its shareholders. All of the issued and outstanding shares of Dawson Bank Stock are owned by North Point.

(b) Except as set forth in the North Point Disclosure Memorandum, North Point does not have outstanding any securities which are either by their terms or by contract convertible or exchangeable into capital stock of North Point, or any other securities or debt, of North Point, or any preemptive or similar rights to subscribe for or to purchase, or any options or warrants or agreements or understandings for the purchase or the issuance (contingent or otherwise) of, or any calls, commitments or claims of any character relating to, its capital stock or securities convertible into its capital stock. North Point is not subject to any obligation (contingent or otherwise) to repurchase or otherwise acquire or retire, or to register, any shares of its capital stock.

(c) There is no agreement, arrangement or understanding to which North Point is a party restricting or otherwise relating to the transfer of any shares of capital stock of North Point.

(d) All shares of common stock or other capital stock, or any other securities or debt, of North Point, which have been purchased or redeemed by North Point have been purchased or redeemed in

accordance with all applicable federal, state and local laws, rules, and regulations, including, without limitation, all federal and state securities laws and rules and regulations of any securities exchange or system on which such stock, securities or debt are, or at such time were, traded, and no such purchase or redemption has resulted or will, with the giving of notice or lapse of time, or both, result in a default or acceleration of the maturity of, or otherwise modify, any agreement, note, mortgage, bond, security agreement, loan agreement or other contract or commitment of North Point.

4.2.4 Corporate Records. The stock records and minute books of

North Point, whether heretofore or hereafter furnished or made available to United by North Point, (a) fully and accurately reflect all issuances, transfers and redemptions of the Common Stock, (b) correctly show the record addresses and the number of shares of such stock issued and outstanding on the date hereof held by the shareholders of North Point, (c) correctly show all corporate action taken by the directors and shareholders of North Point (including actions taken by consent without a meeting) and (d) contain true and correct copies or originals of the respective articles of incorporation and all amendments thereto, bylaws as amended and currently in force, and the minutes of all meetings or consent actions of its directors and shareholders. No resolutions, regulations or bylaws have been passed, enacted, consented to or adopted by such directors or shareholders except those contained in the minute books. All corporate records have been maintained in accordance with all applicable statutory requirements and are complete and accurate.

4.2.5 Tax Returns; Taxes. (a) North Point has duly filed (i)

all required federal and state tax returns and reports, and (ii) all required returns and reports of other governmental units having jurisdiction with respect to taxes imposed upon its income, properties, revenues, franchises, operations or other assets or taxes imposed which might create a material lien or encumbrance on any of such assets or affect materially and adversely its business or operations. To the knowledge of the officers of North Point (the "North Point Management"), such returns or reports are, and when filed will be, true, complete and correct, and North Point has paid, to the extent such taxes or other governmental charges have become due, all taxes and other governmental charges set forth in such returns or reports. To the knowledge of the North Point Management, all federal, state and local taxes and other governmental charges paid or payable by North Point have been paid, or have been accrued or reserved on its books in accordance with generally accepted accounting principles applied on a basis consistent with prior periods. To the knowledge of the North Point Management, adequate reserves for the payment of taxes have been established on the books of North Point for all periods through the date hereof, whether or not due and payable and whether or not disputed. Until the Closing Date, North Point shall continue to provide adequate reserves for the payment of expected tax liabilities in accordance with generally accepted accounting principles applied on a basis consistent with prior periods. North Point has not received any notice of a tax deficiency or assessment of additional taxes of any kind and, to the knowledge of the North Point Management, there is no threatened claim against North Point, or to the knowledge of the North Point Management, any basis for any such claim, for payment of any additional federal, state, local or foreign taxes for any period prior to the date of this Agreement in excess of the accruals or reserves with respect to any such claim shown in the 1998 North Point Financial Statements described in Section 4.2.6 below or

disclosed in the notes with respect thereto. There are no waivers or agreements by North Point for the extension of time for the assessment of any taxes. The federal income tax returns of North Point have not been examined by the Internal Revenue Service for any period since December 31, 1994.

(b) Except as set forth in the North Point Disclosure Memorandum, to the knowledge of the North Point Management, proper and accurate amounts have been withheld by North Point from its employees for all periods in full and complete compliance with the tax withholding provisions of applicable federal, state and local tax laws, and proper and accurate federal, state and local tax returns have been filed by North Point for all periods for which returns were due with respect to withholding, social security and unemployment taxes, and the amounts shown thereon to be due and payable have been paid in full.

4.2.6 Financial Statements. North Point has delivered to

United true, correct and complete copies of (i) the audited financial statements of North Point for the years ended December 31, 1996, 1997 and 1998, including balance sheets, statements of income, statements of shareholders' equity, statements of cash flows and related notes (the audited financial statements for the year ended December 31, 1998 being referred to as the "1998 North Point Financial Statements") and (ii) unaudited financial statements of North Point for the period ended September 30, 1999, including a balance sheet, statement of income and related notes. All of such financial statements have been prepared in accordance with generally accepted accounting principles consistently applied and present fairly the assets, liabilities and financial condition of North Point as of the dates indicated therein and the results of its operations for the respective periods then ended.

4.2.7 Regulatory Reports. North Point has made available to

United for review and inspection the year-end Report of Condition and year-end Report of Income and Dividends as filed by Dawson Bank with the Federal Deposit Insurance Corporation (the "FDIC") for each of the three years ended December 31, 1999, 1998 and 1997, together with all such other reports filed for the same three-year period with the FDIC, and the Department of Banking and Finance of the State of Georgia (the "Department of Banking"), and other applicable regulatory agencies and the Form F.R. Y-6 filed by North Point with the Board of Governors of the Federal Reserve System (the "Federal Reserve") for each of the three years ended December 31, 1999, 1998 and 1997 (collectively, the "North Point Reports"). All of the North Point Reports, as amended, have been prepared in accordance with applicable rules and regulations applied on a basis consistent with prior periods and contain in all material respects all information required to be presented therein in accordance with such rules and regulations.

4.2.8 Accounts. The North Point Disclosure Memorandum contains

a list of each and every bank and other institution in which North Point maintains an account or safety deposit box, the account numbers, and the names of all persons who are presently authorized to draw thereon, have access thereto or give instructions regarding distribution of funds or assets therein.

4.2.9 Notes and Obligations. (a) Except as set forth in the

North Point Disclosure Memorandum or as provided for in the loss reserve described in subsection (b) below, all notes receivable or other obligations owned by North Point or due to it shown in the 1998 North Point Financial Statements and any such notes receivable and obligations on the date hereof and on the Closing Date are and will be genuine, legal, valid and collectible obligations of the respective makers thereof and are not and will not be subject to any offset or counterclaim. Except as set forth in subsection (b) below, all such notes and obligations are evidenced by written agreements, true and correct copies of which will be made available to United for examination prior to the Closing Date. All such notes and obligations were entered into by North Point in the ordinary course of its business and in compliance with all applicable laws and regulations.

(b) North Point has established a loss reserve in the 1998 North Point Financial Statements and as of the date of this Agreement and will establish a loan loss reserve as of the Closing Date which is adequate to cover anticipated losses which might result from such items as the insolvency or default of borrowers or obligors on such loans or obligations, defects in the notes or evidences of obligation (including losses of original notes or instruments), offsets or counterclaims properly chargeable to such reserve, or the availability of legal or equitable defenses which might preclude or limit the ability of North Point to enforce the note or obligation, and the representations set forth in subsection (a) above are qualified in their entirety by the aggregate of such loss reserve. Except as described in the North Point Disclosure Memorandum, at the Closing Date, the ratio of the loss reserve, established on such date in good faith by North Point, to total loans outstanding at such time shall not exceed the ratio of the loan loss reserve to the total loans outstanding as reflected in the 1998 North Point Financial Statements, established on or before such date in good faith by North Point, in accordance with generally accepted accounting principles.

4.2.10 Liabilities. North Point has no debt, liability or

obligation of any kind required to be shown pursuant to generally accepted accounting principles on the consolidated balance sheet of North Point, whether accrued, absolute, known or unknown, contingent or otherwise, including, but not limited to (a) liability or obligation on account of any federal, state or local taxes or penalty, interest or fines with respect to such taxes, (b) liability arising from or by virtue of the distribution, delivery or other transfer or disposition of goods, personal property or services of any type, kind or variety, (c) unfunded liabilities with respect to any pension, profit sharing or employee stock ownership plan, whether operated by North Point or any other entity covering employees of North Point, or (d) environmental liabilities, except (i) those reflected in the 1998 North Point Financial Statements, and (ii) as disclosed in the North Point Disclosure Memorandum.

4.2.11 Absence of Changes. Except as specifically provided for

in this Agreement or specifically set forth in the North Point Disclosure Memorandum, since December 31, 1998:

(a) there has been no change in the business, assets, liabilities, results of operations or financial condition of North Point, or in any of its relationships with customers, employees, lessors or others, other

than changes in the ordinary course of business, none of which individually or in the aggregate has had, or which the North Point Management believes may have, a material adverse effect on such businesses or properties;

(b) there has been no material damage, destruction or loss to the assets, properties or business of North Point, whether or not covered by insurance, which has had, or which the North Point Management believes may have, an adverse effect thereon;

(c) the business of North Point has been operated in the ordinary course, and not otherwise;

(d) the properties and assets of North Point used in its business have been maintained in good order, repair and condition, ordinary wear and tear excepted;

(e) the books, accounts and records of North Point have been maintained in the usual, regular and ordinary manner;

(f) there has been no declaration, setting aside or payment of any dividend or other distribution on or in respect of the capital stock of North Point;

(g) there has been no increase in the compensation or in the rate of compensation or commissions payable or to become payable by North Point to any director or executive officer, or to any employee earning \$35,000 or more per annum, or any general increase in the compensation or in the rate of compensation payable or to become payable to employees of North Point earning less than \$35,000 per annum ("general increase" for the purpose hereof meaning any increase generally applicable to a class or group of employees, but not including increases granted to individual employees for merit, length of service, change in position or responsibility or other reasons applicable to specific employees and not generally to a class or group thereof), or any director, officer, or employee hired at a salary in excess of \$35,000 per annum, or any increase in any payment of or commitment to pay any bonus, profit sharing or other extraordinary compensation to any employee;

(h) there has been no change in the articles of incorporation or bylaws of North Point;

(i) there has been no labor dispute, unfair labor practice charge or employment discrimination charge, nor, to the knowledge of North Point, any organizational effort by any union, or institution or threatened institution, of any effort, complaint or other proceeding in connection therewith, involving North Point, or affecting its operations;

(j) there has been no issuance, sale, repurchase, acquisition, or redemption by North Point of any of its capital stock, bonds, notes, debt or other securities, and there has been no modification or amendment of the rights of the holders of any outstanding capital stock, bonds, notes, debt or other securities thereof;

(k) there has been no mortgage, lien or other encumbrance or security interest (other than liens for current taxes not yet due or purchase money security interests arising in the ordinary course of business) created on or in (including without limitation, any deposit for security consisting of) any asset or assets of North Point or assumed by it with respect to any asset or assets;

(l) there has been no indebtedness or other liability or obligation (whether absolute, accrued, contingent or otherwise) incurred by North Point which would be required to be reflected on a balance sheet of North Point prepared as of the date hereof in accordance with generally accepted accounting principles applied on a consistent basis, except as incurred in the ordinary course of business;

(m) no obligation or liability of North Point has been discharged or satisfied, other than in the ordinary course of business;

(n) there have been no sales, transfers or other dispositions of any asset or assets of North Point, other than sales in the ordinary course of business; and

(o) there has been no amendment, termination or waiver of any right of North Point under any contract or agreement or governmental license, permit or permission which has had or may have an adverse effect on its business or properties.

4.2.12 Litigation and Proceedings. Except as set forth on the

North Point Disclosure Memorandum, there are no actions, decrees, suits, counterclaims, claims, proceedings or governmental actions or investigations, pending or, to the knowledge of North Point, threatened against, by or affecting North Point, or any officer, director, employee or agent in such person's capacity as an officer, director, employee or agent of North Point or relating to the business or affairs of North Point, in any court or before any arbitrator or governmental agency, and no judgment, award, order or decree of any nature has been rendered against or with respect thereto by any agency, arbitrator, court, commission or other authority, nor does North Point have any unasserted contingent liabilities which might have an adverse effect on its assets or on the operation of its businesses or which might prevent or impede the consummation of the transactions contemplated by this Agreement.

4.2.13 Proxy Materials. Neither the North Point Proxy

Materials nor other materials furnished by North Point to the North Point shareholders in connection with the transactions contemplated by this Agreement or the Merger Agreement, or in any amendments thereof or supplements thereto, will, at the times such documents are distributed to the holders of shares of North Point Stock and through the acquisition of shares of North Point Stock by United pursuant to the Merger, contain with respect to North Point any untrue statement of a material fact or omit to state any information required to be stated therein or omit to state any material fact necessary in order to make the statements therein, in light of the circumstances under which they are made with respect to North Point, not misleading.

4.3 Business Operations.

4.3.1 Customers. North Point has no knowledge of any presently

existing facts which could reasonably be expected to result in the loss of any material borrower or depositor or in North Point's inability to collect amounts due therefrom or to return funds deposited thereby, except as set forth on the North Point Disclosure Memorandum.

4.3.2 Permits; Compliance with Law. (a) North Point has all

permits, licenses, approvals, authorizations and registrations under all federal, state, local and foreign laws required for North Point to carry on its business as presently conducted, and all of such permits, licenses, approvals, authorizations and registrations are in full force and effect, and no suspension or cancellation of any of them is pending or, to the knowledge of North Point, threatened.

(b) North Point has complied with all laws, regulations, and orders applicable to it or its business, except for any non-compliance which would not have a material adverse effect on North Point. The North Point Disclosure Memorandum contains a list of any known violations of such laws, regulations, ordinances or rules by any present officer, director, or employee of North Point which occurred since December 31, 1994, and which resulted in any order, proceeding, judgment or decree which would be required to be disclosed pursuant to Item 401(f) of Regulation S-K promulgated by the Securities and Exchange Commission if North Point had been subject to the reporting requirements under the 1933 Act or the Securities Exchange Act of 1934. No past violation of any such law, regulation, ordinance or rule has occurred which could impair the right or ability of North Point to conduct its business.

(c) Except as set forth in the North Point Disclosure Memorandum, no notice or warning from any governmental authority with respect to any failure or alleged failure of North Point to comply in any respect with any law, regulation or order has been received, nor is any such notice or warning proposed or, to the knowledge of North Point, threatened.

4.3.3 Environmental. (a) Except as set forth in the North

Point Disclosure Memorandum, North Point

(i) has not caused or permitted, and has no knowledge of any claim regarding the environmental condition of the property or the generation, manufacture, use, or handling or the release or presence of, any Hazardous Material on, in, under or from any properties or facilities currently owned or leased by North Point or adjacent to any properties so owned or leased; and

(ii) has complied in all material respects with, and has kept all records and made all filings or reports required by, and is otherwise in substantial compliance with all applicable federal, state and local laws, regulations, orders, permits and licenses relating to the generation, treatment, manufacture, use, handling, release or presence of any Hazardous Material on, in, under or from any properties or facilities currently owned or leased by North Point.

(b) To North Point's knowledge, except as set forth in the North Point Disclosure Memorandum, neither North Point nor any of its officers, directors, employees or agents, in the course of such individual's employment by North Point, has given advice with respect to, or participated in any respect in, the decisions regarding Hazardous Material handling or disposal of any entity or concern whose business relates in any way to the generation, storage, handling, disposal, transfer, production, use or processing of Hazardous Material, nor to North Point's knowledge has North Point foreclosed on any property on which there is a threatened release of any Hazardous Material, or on which there has been such a release and full remediation has not been completed.

(c) Except as set forth in the North Point Disclosure Memorandum, neither North Point, nor any of its officers, directors, employees, or agents, is aware of, has been told of, or has observed, the presence of any Hazardous Material on, in, under, or around property on which North Point holds a legal or security interest, in violation of, or creating a material liability under, federal, state, or local environmental statutes, regulations, or ordinances.

(d) The term "Hazardous Material" means any substance whose nature, use, manufacture, or effect render it subject to federal, state or local regulation governing that material's investigation, remediation or removal as a threat or potential threat to human health or the environment and includes, without limitation, any substance within the meaning of "hazardous substances" under the Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S.C. ss. 9601, "hazardous wastes" within the meaning of the Resource Conservation and Recovery Act, 42 U.S.C. ss. 6921, any petroleum product, including any fraction of petroleum, or any asbestos containing materials. However, the term "Hazardous Material" shall not include those substances which are normally and reasonably used in connection with the occupancy or operation of office buildings (such as cleaning fluids, and supplies normally used in the day to day operation of business offices).

4.3.4 Insurance. The North Point Disclosure Memorandum

contains a complete list and description (including the expiration date, premium amount and coverage thereunder) of all policies of insurance and bonds presently maintained by, or providing coverage for, North Point or any of its officers, directors and employees, all of which are, and will be maintained through the Closing Date, in full force and effect, together with a complete list of all pending claims under any of such policies or bonds. All terms, obligations and provisions of each of such policies and bonds have been complied with, all premiums due thereon have been paid, and no notice of cancellation with respect thereto has been received. Except as set forth in the North Point Disclosure Memorandum, such policies and bonds provide adequate coverage to insure the properties and businesses of North Point and the activities of its officers, directors and employees against such risks and in such amounts as are prudent and customary. North Point will not as of the Closing Date have any liability for premiums or for retrospective premium adjustments for any period prior to the Closing Date. North Point has heretofore made, or will hereafter make, available to United a true, correct and complete copy of each insurance policy and bond in effect since December 31, 1994 with respect to the business and affairs of North Point.

4.4 Properties and Assets.

4.4.1 Contracts and Commitments. The North Point Disclosure

Memorandum contains a list identifying and briefly describing all written contracts, purchase orders, agreements, security deeds, guaranties or commitments to which North Point is a party or by which it may be bound involving the payment or receipt, actual or contingent, of more than \$25,000 or having a term or requiring performance over a period of more than ninety (90) days. Each such contract, agreement, guaranty and commitment of North Point is in full force and effect and is valid and enforceable in accordance with its terms, and constitutes a legal and binding obligation of the respective parties thereto and is not the subject of any notice of default, termination, partial termination or of any ongoing, pending, completed or threatened investigation, inquiry or other proceeding or action that may give rise to any notice of default, termination or partial termination. North Point has complied in all material respects with the provisions of such contracts, agreements, guaranties and commitments. A true and complete copy of each such document has been or will be made available to United for examination.

4.4.2 Licenses; Intellectual Property. North Point has all

patents, trademarks, trade names, service marks, copyrights, trade secrets and know-how reasonably necessary to conduct its business as presently conducted and, except as described in the North Point Disclosure Memorandum, North Point is not a party, either as licensor or licensee, to any agreement for any patent, process, trademark, service mark, trade name, copyright, trade secret or other confidential information and there are no rights of third parties with respect to any trademark, service mark, trade secrets, confidential information, trade name, patent, patent application, copyright, invention, device or process owned or used by North Point or presently expected to be used by either of them in the future. All patents, copyrights, trademarks, service marks, trade names, and applications therefor or registrations thereof, owned or used by North Point, are listed in the North Point Disclosure Memorandum. North Point has complied with all applicable laws relating to the filing or registration of "fictitious names" or trade names.

4.4.3 Personal Property. North Point has good and marketable

title to all of its personalty, tangible and intangible, reflected in the 1998 North Point Financial Statements (except as since sold or otherwise disposed of by it in the ordinary course of business), free and clear of all encumbrances, liens or charges of any kind or character, except (i) those referred to in the notes to the 1998 North Point Financial Statements as securing specified liabilities (with respect to which no default exists or, to the knowledge of North Point, is claimed to exist), (ii) those described in the North Point Disclosure Memorandum and (iii) liens for taxes not due and payable.

4.4.4 North Point Leases. (a) All leases (the "North Point

Leases") pursuant to which North Point is lessor or lessee of any real or personal property (such property, the "Leased Property") are valid and enforceable in accordance with their terms; there is not under any of the North Point Leases any default or, to the knowledge of North Point, any claimed default by North Point, or event of default or event which with notice or lapse of time, or both, would constitute a default by North Point and in respect of

which adequate steps have not been taken to prevent a default on its part from occurring.

(b) The copies of the North Point Leases heretofore or hereafter furnished or made available by North Point to United are true, correct and complete, and the North Point Leases have not been modified in any respect other than pursuant to amendments, copies of which have been concurrently delivered or made available to United, and are in full force and effect in accordance with their terms.

(c) Except as set forth in the North Point Disclosure Memorandum, there are no contractual obligations, agreements in principle or present plans for North Point to enter into new leases of real property or to renew or amend existing North Point Leases prior to the Closing Date.

4.4.5 Real Property. (a) North Point does not own any interest

in any real property (other than as lessee) except as set forth in the North Point Disclosure Memorandum (such properties being referred to herein as "North Point Realty"). Except as disclosed in the North Point Disclosure Memorandum, North Point has good title to the North Point Realty and the titles to the North Point Realty are covered by title insurance policies providing coverage in the amount of the original purchase price, true, correct and complete copies of which have been or will be furnished to United with the North Point Disclosure Memorandum. North Point has not encumbered the North Point Realty since the effective dates of the respective title insurance policies.

(b) Except as set forth in the North Point Disclosure Memorandum, the interests of North Point in the North Point Realty and in and under each of the North Point Leases are free and clear of any and all liens and encumbrances and are subject to no present claim, contest, dispute, action or, to the knowledge of North Point, threatened action at law or in equity.

(c) The present and past use and operations of, and improvements upon, the North Point Realty and all real properties leased by North Point (the "North Point Leased Real Properties") are in compliance in all material respects with all applicable building, fire, zoning and other applicable laws, ordinances and regulations and with all deed restrictions of record, no notice of any violation or alleged violation thereof has been received, and to the knowledge of North Point there are no proposed changes therein that would affect the North Point Realty, the North Point Leased Real Properties or their uses.

(d) Except as set forth in the North Point Disclosure Memorandum, no rent has been paid in advance and no security deposit has been paid by, nor is any brokerage commission payable by or to, North Point with respect to any Lease pursuant to which it is lessor or lessee.

(e) North Point is not aware of any proposed or pending change in the zoning of, or of any proposed or pending condemnation proceeding with respect to, any of the North Point Realty or the North Point Leased Real Properties which may adversely affect the North Point Realty or the North Point Leased Real Properties or the current or currently contemplated use thereof.

(f) The buildings and structures owned, leased or used by North Point are, taken as a whole, in good operating order (except for ordinary wear and tear), usable in the ordinary course of business, and are sufficient and adequate to carry on the business and affairs of North Point.

4.5 Employees and Benefits.

4.5.1 Directors or Officers of Other Corporations. Except as

set forth in the North Point Disclosure Memorandum, no director, officer, or employee of North Point serves, or in the past five years has served, as a director or officer of any other corporation on behalf of or as a designee of North Point or any of its subsidiaries.

4.5.2 Employee Benefits. (a) Except as set forth in the North

Point Disclosure Memorandum, North Point does not provide and is not obligated to provide, directly or indirectly, any benefits for employees of a material nature, including, without limitation, any pension, profit sharing, stock option, retirement bonus, hospitalization, medical, insurance or vacation under any practice, agreement or understanding.

(b) The North Point Disclosure Memorandum lists separately any employee benefit plan within the meaning of Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") sponsored by North Point (collectively, "ERISA Plans"). True, correct and complete copies of all ERISA Plans and, to the extent applicable, all related trust agreements, insurance contracts, summary plan descriptions, Internal Revenue Service determination letters and filings, the past three years of actuarial reports and valuations, annual reports and Form 5500 filings (including attachments), and any other related documents requested by United or its counsel have been, or prior to the Closing Date will be, made available to United.

(c) North Point is not currently and has never been in the past required to contribute to a multiemployer plan as defined in Section 3(37)(A) of ERISA. North Point does not maintain or contribute to, nor within the past six years has it maintained or contributed to, an employee pension benefit plan as defined in Section 3(2) of ERISA that is or was subject to Title IV of ERISA.

(d) Except as set forth in the North Point Disclosure Memorandum, each ERISA Plan has been operated and administered in all material respects in accordance with, and has been amended to comply with (unless such amendment is not yet required), all applicable laws, rules and regulations, including, without limitation, ERISA, the Internal Revenue Code of 1986, as amended ("Code"), and the regulations issued under ERISA and the Code. With respect to each ERISA Plan, other than routine claims for benefits submitted in the ordinary course of the benefits process, no litigation or administrative or other proceeding is pending or, to the knowledge of North Point, threatened involving such ERISA Plan or any of its fiduciaries. With respect to each ERISA Plan, neither North Point nor any of its directors, officers, employees or

agents, nor to North Point's knowledge, any "party in interest" or "disqualified person" (as such terms are defined in Section 3(14) of ERISA and Section 4975 of the Code) has been engaged in or been a party to any transaction relating to the ERISA Plan which would constitute a breach of fiduciary duty under ERISA or a "prohibited transaction" (as such term is defined in Section 406 of ERISA or Section 4975 of the Code), unless such transaction is specifically permitted under Sections 407 or 408 of ERISA, Section 4975 of the Code or a class or administrative exemption issued by the Department of Labor. Except as disclosed in the North Point Disclosure Memorandum, each ERISA Plan that is a group health plan within the meaning of Section 607(1) of ERISA and Section 4980B of the Code is in material compliance with the continuation coverage requirements of Section 501 of ERISA and Section 4980B of the Code.

(e) Of the ERISA Plans, the "employee pension benefit plans" within the meaning of Section 3(2) of ERISA (collectively, the "Employee Pension Benefit Plans") are separately identified on the North Point Disclosure Memorandum. With respect to each Employee Pension Benefit Plan, except as set forth on the North Point Disclosure Memorandum: (i) such Employee Pension Benefit Plan is intended to constitute a qualified plan within the meaning of Section 401(a) of the Code and the trust is intended to be exempt from federal income tax under Section 501(a) of the Code; (ii) all contributions required by such plan have been made or will be made on a timely basis; and (iii) no termination, partial termination or discontinuance of contributions has occurred without a determination by the IRS that such action does not affect the tax-qualified status of such plan.

(f) As of the Closing Date, with respect to each ERISA Plan, North Point will have provided adequate reserves, or insurance or qualified trust funds, to provide for all payments and contributions required, or reasonably expected to be required, to be made under the provisions of such ERISA Plan or required to be made under applicable laws, rules and regulations, with respect to any period prior to the Closing Date to the extent reserves are required under generally accepted accounting principles, based on an actuarial valuation satisfactory to the actuaries of North Point representing a projection of claims expected to be incurred under such ERISA Plan.

(g) Except as disclosed on the North Point Disclosure Memorandum, North Point does not provide and has no obligation to provide benefits, including, without limitation, death, health or medical benefits (whether or not insured) with respect to current or former employees of North Point beyond their retirement or other termination of service with North Point other than (i) coverage mandated by applicable Law, (ii) benefits under the Employee Pension Benefit Plans, or (iii) benefits the full cost of which is borne by the current or former employee or his beneficiary.

(h) Except as disclosed in the North Point Disclosure Memorandum, neither this Agreement nor any transaction contemplated hereby will (i) entitle any current or former employee, officer or director of North Point to severance pay, unemployment compensation or any similar or other payment, or (ii) accelerate the time of payment or vesting of, or increase the amount of compensation or benefits due any such employee, officer or director.

4.5.3 Labor-Related Matters. Except as described in the North

Point Disclosure Memorandum, North Point is not, and has not been, a party to any collective bargaining agreement or agreement of any kind with any union or labor organization or to any agreement with any of its employees which is not terminable at will or upon ninety (90) days notice at the election of, and without cost or penalty to, North Point. North Point has not received at any time in the past five (5) years, any demand for recognition from any union, and no attempt has been made, or will have been made as of the Closing Date, to organize any of its employees. North Point has complied in all material respects with all obligations under the National Labor Relations Act, as amended, the Age Discrimination in Employment Act, as amended, and all other federal, state and local labor laws and regulations applicable to employees. There are no unfair labor practice charges pending or threatened against North Point, and there are, and in the past three (3) years there have been, no charges, complaints, claims or proceedings, no slowdowns or strikes pending or threatened against, or involving, as the case may be, North Point with respect to any alleged violation of any legal duty (including but not limited to any wage and hour claims, employment discrimination claims or claims arising out of any employment relationship) by North Point as to any of its employees or as to any person seeking employment therefrom, and no such violations exist.

4.5.4 Related Party Transactions. Except for (a) loans and

extensions of credit made on substantially the same terms, including interest rates and collateral, as those prevailing at the time for comparable transactions by North Point with other persons who are not affiliated with North Point, and which do not involve more than the normal risk of repayment or present other unfavorable features, (b) deposits, all of which are on terms and conditions identical to those made available to all customers of North Point at the time such deposits were entered into, and (c) transactions specifically described in the North Point Disclosure Memorandum, there are no contracts with or commitments to present or former 5% or greater shareholders, directors, officers, or employees involving the expenditure after December 31, 1994 of more than \$60,000 as to any one individual, including with respect to any business directly or indirectly controlled by any such person, or \$100,000 for all such contracts or commitments in the aggregate for all such individuals (other than contracts or commitments relating to services to be performed by any officer, director or employee as a currently-employed employee of North Point).

4.6 Other Matters.

4.6.1 Regulatory Reports. North Point will make available to

United for review and inspection all applications, reports or other documents filed by it for each of its past three full fiscal years with any regulatory or governmental agencies. All of such applications, reports and other documents have been prepared in accordance with applicable rules and regulations of the regulatory agencies with which they were filed.

4.6.2 Approvals, Consents and Filings. Except for the approval

of the Federal Reserve and the Department of Banking, or as set forth in the North Point Disclosure Memorandum, neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated hereby or thereby will (a) require any consent, approval, authorization or permit of, or filing with or notification to, any governmental or regulatory authority, or (b) violate any order, writ, injunction, decree, statute, rule or regulation applicable to North Point, or any of North Point's assets.

4.6.3 Default. (a) Except for those consents described in or

set forth pursuant to Section 4.6.2 above, neither the execution of this Agreement nor consummation of the transactions contemplated herein (i) constitutes a breach of or default under any contract or commitment to which North Point is a party or by which North Point or its properties or assets are bound, (ii) does or will result in the creation or imposition of any security interest, lien, encumbrance, charge, equity or restriction of any nature whatsoever in favor of any third party upon any assets of North Point, or (iii) constitutes an event permitting termination of any agreement or the acceleration of any indebtedness of North Point.

(b) North Point is not in default under its articles of incorporation or bylaws or under any term or provision of any security deed, mortgage, indenture or security agreement or of any other contract or instrument to which North Point is a party or by which it or any of its property is bound.

4.6.4 Representations and Warranties. No representation or

warranty contained in this Article IV or in any written statement delivered by or at the direction of North Point pursuant hereto or in connection with the transactions contemplated hereby contains or shall contain any untrue statement, nor shall such representations and warranties taken as a whole omit any statement necessary in order to make any statement not misleading. Copies of all documents that have been or will be furnished to United in connection with this Agreement or pursuant hereto are or shall be true, correct and complete.

ARTICLE V

CONDUCT OF BUSINESS OF NORTH POINT PENDING CLOSING

Except as expressly otherwise provided herein, North Point covenants and agrees that, without the prior written consent of United between the date hereof and the Closing Date:

5.1 Conduct of Business. North Point will conduct its business

only in the ordinary course, without the creation of any indebtedness for borrowed money (other than deposit and similar accounts and customary credit arrangements between banks in the ordinary course of business). North Point will not engage in or undertake any action that would lead to the disqualification of the pooling of interests method of accounting. North Point knows of no reason that the proposed transaction would not qualify for pooling of interests accounting treatment.

5.2 Maintenance of Properties. North Point will maintain

its properties and assets in good operating condition, ordinary wear and tear
excepted.

5.3 Insurance. North Point will maintain and keep in full

force and effect all of the insurance referred to in Section 4.3.4 hereof or
other insurance equivalent thereto in all material respects.

5.4 Capital Structure. No change will be made in the

authorized or issued capital stock or other securities of North Point, and North
Point will not issue or grant any right or option to purchase or otherwise
acquire any of the capital stock or other securities of North Point.

5.5 Dividends. Except for quarterly dividends paid in

accordance with previous practices, no dividend, distribution or payment will be
declared or made in respect to the North Point Stock and North Point will not,
directly or indirectly, redeem, purchase or otherwise acquire any of its capital
stock.

5.6 Amendment of Articles; Corporate Existence. North Point

will not amend its articles of incorporation or bylaws, and North Point will
maintain its corporate existence and powers.

5.7 No Acquisitions. North Point shall not, without the

express written consent of United, acquire by merging or consolidating with, or
by purchasing a substantial portion of the assets of, or by any other manner,
any business or any corporation, partnership, association or other entity or
division thereof or otherwise acquire or agree to acquire any assets which are
material, individually or in the aggregate, to it.

5.8 No Dispositions. North Point will not sell, mortgage,
lease, buy or otherwise acquire, transfer or dispose of any real property or
interest therein (except for sales in the ordinary course of business) and North
Point will not, except in the ordinary course of business, sell or transfer,
mortgage, pledge or subject to any lien, charge or other encumbrance any other
tangible or intangible asset.

5.9 Banking Arrangements. No change will be made in the

banking and safe deposit arrangements referred to in Section 4.2.8 hereof.

5.10 Contracts. Except for renewals of existing contracts in

effect as of the date hereof, or entering into a contract for the purpose of
substituting a vendor under any such existing contract, North Point will not,
without the express written consent of United, enter into any contract of the
kind described in Section 4.4.1 hereof.

5.11 Books and Records. The books and records of North Point

will be maintained in the usual, regular and ordinary course.

5.12 Advice of Changes. North Point shall promptly advise

United orally and in writing of any change or event having, or which the North Point Management believes could have, a material adverse effect on the assets, liabilities, business, operations or financial condition of North Point.

5.13 Reports. North Point shall file all reports required to

be filed with any regulatory or governmental agencies between the date of this Agreement and the Closing Date and shall deliver to United copies of all such reports promptly after the same are filed.

ARTICLE VI

REPRESENTATIONS AND WARRANTIES OF UNITED

As an inducement to North Point to enter into this Agreement and to consummate the transactions contemplated hereby, United represents, warrants, covenants and agrees as follows:

6.1 Corporate Status. United is a business corporation duly

organized, validly existing and in good standing under the laws of the State of Georgia and has no direct or indirect subsidiaries, which are material to United, other than United Community Bank, Blairsville, Georgia ("United Bank"), Towns County Bank, Hiawassee, Georgia ("Towns"), Peoples Bank of Fannin County, Blue Ridge, Georgia ("Fannin"), White County Bank, Cleveland, Georgia ("White"), Carolina Community Bank, Murphy, North Carolina ("Carolina"), Bank of Adairsville, Adairsville, Georgia ("Adairsville"), First Clayton Bank & Trust Company, Clayton, Georgia ("Clayton"), 1st Floyd Bank, Rome, Georgia ("Floyd") and United Family Finance Company, Blairsville, Georgia (the "Finance Company") (collectively the "United Subsidiaries.") The United Subsidiaries are banking corporations, except for the Finance Company, which is a business corporation, all of which are duly organized, validly existing and in good standing under the laws of the State of Georgia with respect to United Bank, Towns, Fannin, White, Adairsville, Floyd, Clayton, and the Finance Company, and the State of North Carolina with respect to Carolina. United and the United Subsidiaries are entitled to own or lease their respective properties and to carry on their respective businesses in the places where such properties are now owned, leased or operated and such businesses are now conducted.

6.2 Authority. Subject to the approval of various state and

federal regulators, the execution, delivery and performance of this Agreement and the other transactions contemplated or required in connection herewith will not, with or without the giving of notice or the passage of time, or both, (a) violate any provision of federal or state law applicable to United, the violation of which could be reasonably expected to have a material adverse effect on the business, operations, properties, assets, financial condition or prospects of United; (b) violate any provision of the articles of incorporation or bylaws of United; (c) conflict with or result in a breach of any provision of, or termination of, or constitute a default under any instrument, license, agreement, or commitment to which United is a party, which, singly or in the aggregate, could reasonably be expected to have a material adverse effect on the business, operations, properties, assets, financial condition or prospects of

United; or (d) constitute a violation of any order, judgment or decree to which United is a party, or by which United or any of its assets or properties are bound. Assuming this Agreement constitutes the valid and binding obligation of North Point, this Agreement constitutes the valid and binding obligation of United, and is enforceable in accordance with its terms, except as limited by laws affecting creditors' rights generally and by the discretion of courts to compel specific performance.

6.3 Capital Structure. (a) As of the date of this Agreement,

United has authorized capital stock consisting solely of 10,000,000 shares of common stock, par value \$1.00 per share, of which 8,429,090 shares are issued and outstanding as of the date hereof including 140,000 deemed outstanding pursuant to United's prime plus 1/4% Convertible Subordinated Debentures due December 31, 2006 (the "2006 Debentures") and presently exercisable options to acquire 254,822 shares (the "Stock Options") and 10,000,000 shares of Preferred Stock, none of which is outstanding. All of the issued and outstanding shares of United Stock and the United Subsidiaries capital stock (the "United Subsidiaries Stock") is duly and validly issued, fully paid and nonassessable and was offered, issued and sold in compliance with all applicable federal or state securities laws. No person has any right of rescission or claim for damages under federal or state securities laws with respect to the issuance of shares of United Stock or any of the shares of United Subsidiaries Stock previously issued. None of the shares of United Stock has been issued in violation of the preemptive or other rights of any shareholder of United. None of the shares of the United Subsidiaries Stock was issued in violation of the preemptive or other rights of any shareholder of the United Subsidiaries. All of the issued and outstanding shares of the United Subsidiaries Stock are owned by United.

(b) Except for the 2006 Debentures and the Stock Options, United does not have outstanding any securities which are either by their terms or by contract convertible or exchangeable into United Stock, or any other securities or debt, of United, or any preemptive or similar rights to subscribe for or to purchase, or any options or warrants or agreements or understandings for the purchase or the issuance (contingent or otherwise) of, or any calls, commitments or claims of any character relating to, its capital stock or securities convertible into its capital stock. United is not subject to any obligation (contingent or otherwise) to repurchase or otherwise acquire or retire, or to register, any shares of its capital stock.

(c) There is no agreement, arrangement or understanding to which United is a party restricting or otherwise relating to the transfer of any shares of United Stock.

(d) All shares of common stock or other capital stock, or any other securities or debt, of United, which have been purchased or redeemed by United have been purchased or redeemed in accordance with all applicable federal, state and local laws, rules, and regulations, including, without limitation, all federal and state securities laws and rules and regulations of any securities exchange or system on which such stock, securities or debt are, or at such time were, traded, and no such purchase or redemption has resulted or will, with the giving of notice or lapse of time, or both, result in a default or acceleration of the maturity of, or otherwise modify, any agreement, note, mortgage, bond, security agreement, loan agreement or other contract or commitment of United.

6.4 Financial Statements. United has delivered to North Point

true, correct and complete copies of the audited financial statements of United for the years ended December 31, 1997, 1998 and 1999, including balance sheets, statements of income, statements of shareholders' equity, statements of cash flows and related notes (the audited financial statements for the year ended December 31, 1999 being referred to as the "1999 United Financial Statements"). All of such financial statements have been prepared in accordance with generally accepted accounting principles consistently applied and present fairly the assets, liabilities and financial condition of United as of the dates indicated therein and the results of its operations for the respective periods then ended.

6.5 Permits; Compliance with Law. (a) United has all permits,

licenses, approvals, authorizations and registrations under all federal, state, local and foreign laws required for United to carry on its business as presently conducted, and all of such permits, licenses, approvals, authorizations and registrations are in full force and effect, and no suspension or cancellation of any of them is pending or, to the knowledge of United, threatened.

(b) United has complied with all laws, regulations, and orders applicable to it or its business, except for any non-compliance which would not have a material adverse effect on United, and United has received no notice or warning from any governmental authority with respect to any failure or alleged failure of United to comply in any respect with any law, regulation or order has been received, nor is any such notice or warning proposed or, to the knowledge of United, threatened.

6.6 Litigation and Proceedings. There are no actions, decrees,

suits, counterclaims, claims, proceedings or governmental actions or investigations, pending or, to the knowledge of United, threatened against, by or affecting United, any officer, director, employee or agent in such person's capacity as an officer, director, employee or agent of United or relating to the business or affairs of United, in any court or before any arbitrator or governmental agency, and no judgment, award, order or decree of any nature has been rendered against or with respect thereto by any agency, arbitrator, court, commission or other authority, nor does United have any unasserted contingent liabilities which may have an adverse effect on its assets or on the operation of its businesses or which might prevent or impede the consummation of the transactions contemplated by this Agreement.

6.7 Default. (a) Except for those consents described in or set

forth pursuant to Section 6.2 above, neither the execution of this Agreement nor consummation of the transactions contemplated herein (i) constitutes a breach of or default under any contract or commitment to which United is a party or by which United or its properties or assets are bound, (ii) does or will result in the creation or imposition of any security interest, lien, encumbrance, charge, equity or restriction of any nature whatsoever in favor of any third party upon any assets of United, or (iii) constitutes an event permitting termination of any agreement or the acceleration of any indebtedness of United.

(b) United is not in default under its articles of incorporation or bylaws or under any term or provision of any security deed, mortgage, indenture or security agreement or of any other contract or instrument to which United is a party or by which it or any of its property is bound.

6.8 Disclosure Reports. United has a class of securities

registered pursuant to Section 12(g) of the Securities Exchange Act of 1934, as amended (the "1934 Act"), and has delivered to North Point copies of:

(a) its Annual Report on Form 10-K for its fiscal year ended December 31, 1998 (and those portions of its 1998 Annual Report to Shareholders incorporated therein by reference) filed pursuant to Section 13 of the Act; and

(b) the Proxy Statement for its Annual Meeting of Shareholders held on April 15, 1999, filed pursuant to Section 14 of the Act; and

(c) its Quarterly Reports on Form 10-Q for the quarters ended March 31, 1999, June 30, 1999, and September 30, 1999, filed pursuant to Section 13 of the Act.

The report, proxy statement and quarterly reports include all of the regular and periodic reports and proxy statements required to be filed by United with the Securities and Exchange Commission since September 30, 1999, and are herein collectively referred to as the "United SEC Reports." The United SEC Reports taken together correctly describe, among other things, the business, operations and principal properties of United in accordance with the requirements of the applicable report forms. As of the respective dates of filing, none of the United SEC Reports contained any untrue statement of material fact necessary to make the statements therein not misleading. The financial statements contained in the United SEC Reports have been prepared in accordance with generally accepted accounting principals consistently applied and present fairly the financial condition of United as of the dates thereof and the results of operations for the periods covered thereby.

6.9 No Material Adverse Change. Since the date of its latest

published financial statements included in the United SEC Reports, there has not been any change in the condition of United, any contracts entered into by United, or other changes in the operations of United which, in any case, would have a material adverse effect on United on a consolidated basis taken as a whole.

6.10 Representations and Warranties. No representation or

warranty contained in this Article VI or in any written statement delivered by or at the direction of United pursuant hereto or in connection with the transactions contemplated hereby contains or shall contain any untrue statement, nor shall such representations and warranties taken as a whole omit any statement necessary in order to make any statement not misleading. Copies of all documents that have been or will be furnished to North Point in connection with this Agreement or pursuant hereto are or shall be true, correct and complete.

ARTICLE VII

CONDITIONS TO OBLIGATIONS OF UNITED

All of the obligations of United under this Agreement are subject to the fulfillment prior to or at the Closing Date of each of the following conditions, any one or more of which may be waived by United:

7.1 Veracity of Representations and Warranties. The

representations and warranties of North Point contained herein or in any certificate, schedule or other document delivered pursuant to the provisions hereof, or in connection herewith, shall be true in all material respects as of the date when made and shall be deemed to be made again at and as of the Closing Date and shall be true in all material respects at and as of such time, except as a result of changes or events expressly permitted or contemplated herein.

7.2 Performance of Agreements. North Point shall have

performed and complied with all agreements and conditions required by this Agreement to be performed or complied with by it prior to or on the Closing Date.

7.3 Certificates, Resolutions, Opinion. North Point shall

have delivered to United:

(a) a certificate executed by the President and Secretary of North Point, dated as of the Closing Date, and certifying in such detail as United may reasonably request to the fulfillment of the conditions specified in Sections 7.1 and 7.2 hereof;

(b) duly adopted resolutions of the Board of Directors and shareholders of North Point certified by the Secretary thereof, dated the Closing Date, (i) authorizing and approving the execution of this Agreement (with respect to the directors of North Point) and the Merger Agreement (with respect to the directors and shareholders of North Point) and the consummation of the transactions contemplated herein and therein in accordance with their respective terms and (ii) authorizing all other necessary and proper corporate action to enable North Point to comply with the terms hereof and thereof;

(c) certificates of the valid existence of North Point and Dawson Bank under the laws of the State of Georgia, executed by the Secretary of State and the Department of Banking, respectively, and dated not more than five (5) business days prior to the Closing Date;

(d) certificates from the appropriate public officials of the State of Georgia, dated not more than five (5) business days prior to the Closing Date, certifying that North Point has filed all corporate tax returns required by the laws of such state and has paid all taxes shown thereon to be due; and

(e) an opinion of Powell, Goldstein, Frazer & Murphy, counsel for North Point, dated the Closing Date, in the form attached hereto as Exhibit D.

7.4 Shareholder Approval. The Merger Agreement shall have

been approved by the vote of the holders of at least a majority of North Point Stock.

7.5 Regulatory Approvals. United shall have received from any

and all governmental authorities, bodies or agencies having jurisdiction over the transactions contemplated by this Agreement and the Merger Agreement, including, but not limited to the Federal Reserve and the Department of Banking, such consents, authorizations and approvals as are necessary for the consummation thereof and all applicable waiting or similar periods required by law shall have expired.

7.6 Effective Registration Statement. The United Registration

Statement shall have been declared effective by the SEC and no stop order shall have been entered with respect thereto.

7.7 Certificate of Merger. The Secretary of State of the State

of Georgia shall have issued a certificate of merger with regard to the Merger in accordance with the provisions of the Georgia Business Corporation Code.

7.8 Accountants' Letter. United shall have received a letter

from Mauldin & Jenkins, dated the Closing Date, to the effect that: At the request of North Point they have carried out procedures to a specified date not more than five business days prior to the Closing Date, which procedures did not constitute an examination in accordance with generally accepted auditing standards, of the financial statements of North Point, as follows: (a) read the unaudited balance sheets and statements of income of North Point from December 31, 1998 through the date of the most recent monthly financial statements available in the ordinary course of business; (b) read the minutes of the meetings of shareholders and Board of Directors of North Point from December 31, 1998 to said date nor more than five business days prior to the Closing Date; and (c) consulted with certain officers and employees of North Point responsible for financial and accounting matters and, based on such procedures, nothing has come to their attention which would cause them to believe that (i) such unaudited interim balance sheets and statements of income are not fairly presented in conformity with generally accepted accounting principles applied on a basis consistent with that of the 1998 North Point Financial Statements, (ii) as of said date not more than five business days prior to the Closing Date, the shareholders' equity, long-term debt, reserve for possible loan losses and total assets of North Point, in each case as compared with the amounts shown in the 1998 North Point Financial Statements, are not different except as set forth in such letter, or (iii) for the period from December 31, 1998 to said date not more than five business days prior to the Closing Date, the net interest income, total and per-share amounts of consolidated income (before extraordinary items) and net income of North Point, as compared with the corresponding portion of the preceding 12-month period, are not different except as set forth in such letter.

7.9 Pooling of Interests. United shall have received an

opinion of Porter, Keadle, Moore LLP, certified public accountants, to the effect that the Merger will be accounted for as a "pooling of interests," which opinion will be subject only to such qualifications, exceptions and factual assumptions as are satisfactory to United.

7.10 Increase in Authorized Capital Stock. An increase in the

number of authorized shares United common stock, from 10,000,000 shares to 50,000,000 shares, shall have been approved by a vote of the shareholders of United.

ARTICLE VIII

CONDITIONS TO OBLIGATIONS OF NORTH POINT

All of the obligations of North Point under this Agreement are subject to the fulfillment prior to or at the Closing Date of each of the following conditions, any one or more of which may be waived by it:

8.1 Veracity of Representations and Warranties. The

representations and warranties of United contained herein or in any certificate, schedule or other document delivered pursuant to the provisions hereof, or in connection herewith, shall be true in all material respects as of the date when made and shall be deemed to be made again at and as of the Closing Date and shall be true in all material respects at and as of such time, except as a result of changes or events expressly permitted or contemplated herein (provided that representations and warranties which are confined to a specific date shall speak only as of such date).

8.2 Performance of Agreements. United shall have performed and

complied with all agreements and conditions required by this Agreement to be performed or complied with by it prior to or at the Closing Date.

8.3 Certificates, Resolutions, Opinion. United shall have

delivered to North Point:

(a) a certificate executed by the President and Secretary of United, dated the Closing Date, certifying in such detail as North Point may reasonably request to the fulfillment of the conditions specified in Sections 8.1 and 8.2 hereof;

(b) duly adopted resolutions of the board of directors of United, certified by the Secretary thereof, dated the Closing Date, (i) authorizing and approving the execution of this Agreement and the Merger Agreement on behalf of United, and the consummation of the transactions contemplated herein and therein in accordance with their respective terms, and (ii) authorizing all other necessary and proper corporate actions to enable United to comply with the terms hereof and thereof;

(c) a certificate of the valid existence of United, under the laws of the State of Georgia executed by the Secretary of State of the State of Georgia, dated not more than five (5) business days prior to the Closing Date;

(d) certificates from the appropriate public officials of the State of Georgia, dated not more than five (5) business days prior to the Closing Date, certifying that United has filed all corporate tax returns required by the laws of such state and has paid all taxes shown thereon to be due; and

(e) an opinion of Kilpatrick Stockton LLP, counsel for United, dated the Closing Date, in the form attached hereto as Exhibit E.

8.4 Shareholder Approval. The Merger Agreement shall have

been approved by the vote of the holders of at least a majority of North Point Stock.

8.5 Regulatory Approvals. Any and all governmental

authorities, bodies or agencies having jurisdiction over the transactions contemplated by this Agreement and the Merger Agreement, including, but not limited to the Federal Reserve and the Department of Banking, shall have granted such consents, authorizations and approvals as are necessary for the consummation hereof and thereof, and all applicable waiting or similar periods required by law shall have expired.

8.6 Effective Registration Statement. The United

Registration Statement shall have been declared effective by the SEC and no stop order shall have been entered with respect thereto.

8.7 Tax Opinion. North Point shall have received from

Kilpatrick Stockton LLP its opinion, in form and substance reasonably satisfactory to North Point, to the effect that:

(1) The Merger and the issuance of shares of United Stock in connection therewith, as described herein and in the Merger Agreement, will constitute a tax-free reorganization under Section 368(a)(1)(A) of the Code;

(2) No gain or loss will be recognized by holders of North Point Stock upon the exchange of such stock solely for United Stock as a result of the Merger;

(3) Gain or loss will be recognized pursuant to Section 302 of the Code by holders of North Point Stock upon their receipt of cash in lieu of fractional shares of United Stock and upon their exercise of dissenters' rights;

(4) No gain or loss will be recognized by North Point as a result of the Merger;

(5) The aggregate tax basis of United Stock received by shareholders of North Point pursuant to the Merger will be the same as the tax basis of the shares of North Point Stock exchanged therefor

decreased by any portion of such tax basis allocated to fractional shares of United Stock that are treated as redeemed by United; and

(6) The holding period of the shares of United Stock received by the shareholders of North Point will include the holding period of the shares of North Point Stock exchanged therefor, provided that the stock of North Point is held as a capital asset on the date of the consummation of the Merger.

8.8 Certificate of Merger. The Secretary of State of the State

of Georgia shall have issued a certificate of merger with regard to the Merger in accordance with the provisions of the Georgia Business Corporation Code.

8.9 Increase in Authorized Capital Stock. An increase in the

number of authorized shares United common stock, from 10,000,000 shares to 50,000,000 shares, shall have been approved by a vote of the shareholders of United.

ARTICLE IX

WARRANTIES, NOTICES, ETC.

9.1 Warranties. All statements contained in any certificate or

other instrument delivered by or on behalf of North Point or United pursuant hereto or in connection with the transactions contemplated hereby shall be deemed representations and warranties hereunder by them. Unless the context otherwise requires, the representations and warranties required of North Point shall be required to be made, and shall be considered made, on behalf of both North Point and its subsidiary Dawson Bank, and the representations and warranties required of United, shall be required to be made, and shall be considered made, on behalf of United and the United Subsidiaries.

9.2 Survival of Representations. All representations,

warranties, covenants, and agreements made by either party hereto in or pursuant to this Agreement or in any instrument, exhibit, or certificate delivered pursuant hereto shall be deemed to have been material and to have been relied upon by the party to which made, but, except as set forth hereafter or specifically stated in this Agreement, such representations, warranties, covenants, and agreements shall expire and be of no further force and effect upon the consummation of the Merger; provided, however, that the following shall survive consummation of the Merger and the transactions contemplated hereby:

(a) the opinions of counsel referred to in Sections 7.3(f) and 8.3(e) of this Agreement;

(b) any intentional misrepresentation of any material fact made by either party hereto in or pursuant to this Agreement or in any instrument, document or certificate delivered pursuant hereto; and

(c) the covenant with respect to the confidentiality of certain information contained in Section 3.5 hereof.

9.3 Notices. All notices or other communications required or

permitted to be given or made hereunder shall be in writing and delivered personally or sent by pre-paid, first class certified or registered mail, return receipt requested, or by facsimile transmission, to the intended recipient thereof at its address or facsimile number set out below. Any such notice or communication shall be deemed to have been duly given immediately (if given or made in person or by facsimile confirmed by mailing a copy thereof to the recipient in accordance with this Paragraph 9.3 on the date of such facsimile), or five days after mailing (if given or made by mail), and in proving same it shall be sufficient to show that the envelope containing the same was delivered to the delivery service and duly addressed, or that receipt of a facsimile was confirmed by the recipient as provided above. Either party may change the address to which notices or other communications to such party shall be delivered or mailed by giving notice thereof to the other party hereto in the manner provided herein.

(a) To North Point: North Point Bancshares, Inc.
109 Highway 53 West
Dawsonville, Georgia 30534-3414
Attention: Don D. Gordon
Facsimile:

With copies to: Powell, Goldstein, Frazer &
Murphy LLP
191 Peachtree Street, N.E.
Suite 1600
Atlanta, Georgia 30303
Attention: Walter G. Moeling,
IV
Facsimile: (404) 572-6999

(b) To United: United Community Banks, Inc.
P.O. Box 398
Blairsville, Georgia 30512
Attention: Jimmy Tallent
President
Facsimile: (706) 745-1335

With copies to: Kilpatrick Stockton LLP
Suite 2800
1100 Peachtree Street
Atlanta, Georgia 30303-4530
Attention: Richard R. Cheatham
Facsimile: (404) 815-6555

9.4 Entire Agreement. This Agreement and the Merger Agreement

supersede all prior discussions and agreements between North Point and United with respect to the Merger and the other matters contained herein and therein, and this Agreement and the Merger Agreement contain the sole and entire agreement between North Point and United with respect to the transactions contemplated herein and therein.

9.5 Waiver; Amendment. Prior to or on the Closing Date, United

shall have the right to waive any default in the performance of any term of this Agreement by North Point, to waive or extend the time for the fulfillment by North Point of any or all of North Point's obligations under this Agreement, and to waive any or all of the conditions precedent to the obligations of United under this Agreement, except any condition which, if not satisfied, would result in the violation of any law or applicable governmental regulation. Prior to or on the Closing Date, North Point shall have the right to waive any default in the performance of any term of this Agreement by United, to waive or extend the time for the fulfillment by United of any or all of United's obligations under this Agreement, and to waive any or all of the conditions precedent to the obligations of North Point under this Agreement, except any condition which, if not satisfied, would result in the violation of any law or applicable governmental regulation. This Agreement may be amended by a subsequent writing signed by the parties hereto, provided, however, that the provisions of Sections 7.5 and 8.5 requiring regulatory approval shall not be amended by the parties hereto without regulatory approval.

ARTICLE X

TERMINATION

This Agreement may be terminated at any time prior to or on the Closing Date upon written notice to the other party as follows, and, upon any such termination of this Agreement, neither party hereto shall have any liability to the other, except that the provisions of Section 3.5 hereof shall survive the termination of this Agreement for any reason.

10.1 Material Adverse Change. (a) By United, if, after the

date hereof, a material adverse change in the financial condition or business of North Point shall have occurred which change would reasonably be expected to have a material adverse effect on the market price of North Point Stock, or if North Point shall have suffered a material loss or damage to any of its properties or assets, which change, loss or damage materially affects or impairs its ability to conduct its business. (b) By North Point, if, after the date hereof, a material adverse change in the financial condition or business of United shall have occurred which change would reasonably be expected to have a material adverse effect on the market price of United Stock, or if United shall have suffered a material loss or damage to any of its properties or assets, which change, loss or damage materially affects or impairs its ability to conduct its business.

10.2 Noncompliance. (a) By United, if the terms, covenants or

conditions of this Agreement to be complied with or performed by North Point before the Closing shall not have been substantially complied with or substantially performed at or before the Closing Date and such noncompliance or nonperformance shall not have been waived by United. (b) By North Point, if the

terms, covenants or conditions of this Agreement to be complied with or performed by United before the Closing shall not have been substantially complied with or substantially performed at or before the Closing Date and such noncompliance or nonperformance shall not have been waived by North Point.

10.3 Failure to Disclose. (a) By United, if it learns of any

fact or condition not disclosed in this Agreement, the North Point Disclosure Memorandum, or the 1998 North Point Financial Statements, which was required to be disclosed by North Point pursuant to the provisions of this Agreement at or prior to the date of execution hereof with respect to the business, properties, assets or earnings of North Point which materially and adversely affects such business, properties, assets or earnings or the ownership, value or continuance thereof. (b) By North Point, if it learns of any fact or condition not disclosed in this Agreement or the 1999 United Financial Statements, which was required to be disclosed by United pursuant to the provisions of this Agreement at or prior to the date of execution hereof with respect to the business, properties, assets or earnings of United which materially and adversely affect such business, properties, assets or earnings or the ownership, value or continuance thereof.

10.4 Adverse Proceedings. By either party, if any action, suit

or proceeding shall have been instituted or threatened against either party to this Agreement to restrain or prohibit, or to obtain substantial damages in respect of, this Agreement or the consummation of the transactions contemplated herein, which, in the good faith opinion of North Point or United makes consummation of the transactions herein contemplated inadvisable.

10.5 Termination Date. By either party, if the Closing Date

shall not have occurred on or before August 31, 2000.

10.6 Dissenters. By United, if the holders of more than 32,128

shares of the outstanding North Point Stock elect to exercise this statutory right to dissent from the Merger and demand payment in cash for the "fair value" of their shares.

10.7 Shareholders Vote. By either party, if the Merger

Agreement is not approved by the Vote of the holders of North Point Stock as required by applicable law.

10.8 Environmental Liability of North Point. By United, if it

learns of any potential liability of North Point arising from noncompliance with any federal, state or local environmental law by North Point, or any potential liability of North Point arising from any environmental condition of the properties or assets of North Point, including any properties or assets in which North Point holds a security interest.

ARTICLE XI

COUNTERPARTS, HEADINGS, ETC.

This Agreement may be executed simultaneously in any number of counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument. The headings herein set out are for convenience of reference only and shall not be deemed a part of this Agreement. A pronoun in one gender includes and applies to the other genders as well.

ARTICLE XII

BINDING EFFECT

This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns; provided, however, that this Agreement may not be assigned by either party without the prior written consent of the other.

ARTICLE XIII

GOVERNING LAW

The validity and effect of this Agreement and the Merger Agreement and the rights and obligations of the parties hereto and thereto shall be governed by and construed and enforced in accordance with the laws of the State of Georgia.

IN WITNESS WHEREOF, North Point and United have caused this Agreement to be executed by their respective duly authorized corporate officers and their respective corporate seals to be affixed hereto as of the day and year first above written.

NORTH POINT BANCSHARES, INC.

(CORPORATE SEAL)

By: /s/ Don D. Gordon

Name:
Title:

Attest:

/s/ Jimmy C. Bruce

Secretary

UNITED COMMUNITY BANKS, INC.

(CORPORATE SEAL)

By: /s/ Jimmy C. Tallent

Name: Jimmy Tallent
Title: President

Attest:

/s/ Billy M. Decker

Secretary

EXHIBIT A

AGREEMENT AND PLAN OF MERGER

THIS AGREEMENT AND PLAN OF MERGER (the "Agreement") is made and entered into as of this ____ day of ____, 2000, by and between UNITED COMMUNITY BANKS, INC. ("United") and NORTH POINT BANCSHARES, INC. ("North Point"), both Georgia corporations (said corporations are hereinafter collectively referred to as the "Constituent Corporations").

R E C I T A L S:
- - - - -

WHEREAS, the authorized capital stock of United consists of 10,000,000 shares of Common Stock, \$1.00 par value per share (the "United Stock"), of which 8,429,090 shares are issued and outstanding; and

WHEREAS, the authorized capital stock of North Point consists of _____ shares of Common Stock, \$_____ par value per share, of which 428,385 shares are issued and outstanding ("North Point Stock"); and

WHEREAS, the respective Boards of Directors of the Constituent Corporations deem it advisable and in the best interests of each such corporation and its shareholders that North Point merge with United, with United being the surviving corporation; and

WHEREAS, the respective Boards of Directors of the Constituent Corporations, by resolutions duly adopted, have unanimously approved and adopted this Agreement, and the Board of Directors of North Point, by resolution duly adopted, has directed that this Agreement be submitted to the shareholders of North Point for their approval; and

WHEREAS, United has agreed to issue shares of United Stock which shareholders of North Point will be entitled to receive, according to the terms and conditions contained herein, on or after the Effective Date (as defined herein) of the merger provided for herein.

NOW, THEREFORE, for and in consideration of the premises and the mutual agreements herein contained, and other good and valuable consideration, the receipt and adequacy of which as legally sufficient consideration are hereby acknowledged, the parties hereto have agreed and do hereby agree, as follows:

1. MERGER.

Pursuant to and with the effects provided in the applicable provisions of Article 11 of the Georgia Business Corporation Code, as amended (Chapter 2 of Title 14 of the Official Code of Georgia), North Point (hereinafter sometimes referred to as the "Merged Corporation") shall be merged

with and into United (the "Merger"). United shall be the surviving corporation (the "Surviving Corporation") and shall continue under the name "United Community Banks, Inc." On the Effective Date (as defined herein) of the Merger, the individual existence of the Merged Corporation shall cease and terminate.

2. ACTIONS TO BE TAKEN.

The acts and things required to be done by the Georgia Business Corporation Code in order to make this Agreement effective, including the submission of this Agreement to the shareholders of the Merged Corporation and the filing of the Certificate of Merger relating hereto in the manner provided in said Code, shall be attended to and done by the proper officers of the Constituent Corporations with the assistance of counsel as soon as practicable.

3. EFFECTIVE DATE.

The Merger shall be effective upon the approval of this Agreement by the shareholders of the Merged Corporation and the filing of the Certificate of Merger relating hereto in the manner provided in the Georgia Business Corporation Code (the "Effective Date").

4. ARTICLES OF INCORPORATION AND BYLAWS OF THE SURVIVING CORPORATION.

(a) The Articles of Incorporation of United, as heretofore amended, shall on the Effective Date be the Articles of Incorporation of the Surviving Corporation.

(b) Until altered, amended or repealed, as therein provided, the Bylaws of United as in effect on the Effective Date shall be the Bylaws of the Surviving Corporation.

5. MANNER AND BASIS OF CONVERTING SHARES OF CAPITAL STOCK; CAPITAL STRUCTURE OF THE SURVIVING CORPORATION.

The manner and basis of converting the shares of capital stock of each of the Constituent Corporations into shares of the Surviving Corporation shall be as follows:

(a) Upon the Effective Date each of the shares of North Point Stock outstanding on the Effective Date shall be converted into fully paid and nonassessable shares of United Stock at the rate of 2.2368 shares of United Stock for each outstanding share of North Point Stock. If either party should change the number of its outstanding shares as a result of a stock split, stock dividend, or similar recapitalization with respect to such shares prior to the Effective Date then the shares to be issued hereunder to holders of North Point Stock shall be proportionately adjusted.

(b) No scrip or fractional share certificates of United Stock shall be issued in connection with the Merger and an outstanding fractional share interest will not entitle the owner thereof to vote, to receive dividends or to have any of the rights of a shareholder with respect to such fractional interest. In lieu of any fractional interest, there shall be paid in cash an amount (computed to the nearest cent) equal to such fraction multiplied by \$38.00.

(c) As soon as practicable after the Effective Date, each holder as of the Effective Date of any of the shares of North Point Stock, upon presentation and surrender of the certificates representing such shares to United, shall be entitled to receive in exchange therefor a certificate representing the number of shares of United Stock to which such shareholder shall be entitled according to the terms of this Agreement. Until such surrender, each such outstanding certificate which prior to the Effective Date represented North Point Stock shall be deemed for all corporate purposes to evidence ownership of the number of shares of United Stock into which the same shall have been converted and the right to receive payment for fractional shares.

(d) Upon the Effective Date, each share of United Stock issued and outstanding immediately prior to the Effective Date shall continue unchanged and shall continue to evidence a share of common stock of the Surviving Corporation.

6. TERMINATION OF SEPARATE EXISTENCE.

Upon the Effective Date, the separate existence of the Merged Corporation shall cease and the Surviving Corporation shall possess all of the rights, privileges, immunities, powers and franchises, as well of a public nature as of a private nature, of each of the Constituent Corporations; and all property, real, personal and mixed, and all debts due on whatever account, and all other choses in action, and all and every other interest of or belonging to or due to each of the Constituent Corporations shall be taken and deemed to be transferred to and vested in the Surviving Corporation without further act or deed, and the title to any real estate or any interest therein, vested in either of the Constituent Corporations shall not revert or be in any way impaired by reason of the Merger. The Surviving Corporation shall thenceforth be responsible and liable for all the liabilities, obligations and penalties of each of the Constituent Corporations; and any claim existing or action or proceeding, civil or criminal, pending by or against either of said Constituent Corporations may be prosecuted as if the Merger had not taken place, or the Surviving Corporation may be substituted in its place, and any judgment rendered against either of the Constituent Corporations may thenceforth be enforced against the Surviving Corporation; and neither the rights of creditors nor any liens upon the property of either of the Constituent Corporations shall be impaired by the Merger.

7. FURTHER ASSIGNMENTS.

If at any time the Surviving Corporation shall consider or be advised that any further assignments or assurances in law or any other things are necessary or desirable to vest in said corporation, according to the terms hereof, the title to any property or rights of the Merged Corporation, the proper officers and directors of the Merged Corporation shall and will execute and make all such proper assignments and assurances and do all things necessary and proper to vest title in such property or rights in the Surviving Corporation, and otherwise to carry out the purposes of this Agreement.

8. CONDITIONS PRECEDENT TO CONSUMMATION OF THE MERGER.

This Agreement is subject to, and consummation of the Merger is conditioned upon, the fulfillment as of the Effective Date of each of the following conditions:

(a) Approval of this Agreement by the affirmative vote of the holders of a majority of the outstanding voting shares of North Point Stock; and

(b) All the terms, covenants, agreements, obligations and conditions of the Agreement and Plan of Reorganization (the "Acquisition Agreement") of even date herewith by and between North Point and United to be complied with, satisfied and performed on or prior to the Closing Date (as defined therein), shall have been complied with, satisfied and performed in all material respects unless accomplishment of such covenants, agreements, obligations and conditions has been waived by the party benefited thereby.

9. TERMINATION.

This Agreement may be terminated and the Merger abandoned in accordance with the terms of the Acquisition Agreement, at any time before or after adoption of this Agreement by the directors of either of the Constituent Corporations, notwithstanding favorable action on the Merger by the shareholders of the Merged Corporation, but not later than the issuance of the certificate of merger by the Secretary of State of Georgia with respect to the Merger in accordance with the provisions of the Georgia Business Corporation Code.

10. COUNTERPARTS; TITLE; HEADINGS.

This Agreement may be executed simultaneously in any number of counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument. The title of this Agreement and the headings herein set out are for the convenience of reference only and shall not be deemed a part of this Agreement.

11. AMENDMENTS; ADDITIONAL AGREEMENTS.

At any time before or after approval and adoption by the shareholders of North Point, this Agreement may be modified, amended or supplemented by additional agreements, articles or certificates as may be determined in the judgment of the respective Boards of Directors of the Constituent Corporations to be necessary, desirable or expedient to further the purposes of this Agreement, to clarify the intention of the parties, to add to or modify the covenants, terms or conditions contained herein or to effectuate or facilitate any governmental approval of the Merger or this Agreement, or otherwise to effectuate or facilitate the consummation of the transactions contemplated hereby; provided, however, that no such modification, amendment or supplement shall reduce to any extent the consideration into which shares of North Point Stock shall be converted in the Merger pursuant to Section 5 hereof.

IN WITNESS WHEREOF, the Constituent Corporations have each caused this Agreement to be executed on their respective behalfs and their respective corporate seals to be affixed hereto as of the day and year first above written.

UNITED COMMUNITY BANKS, INC.

(CORPORATE SEAL)

ATTEST:

By: _____
Jimmy Tallent
President

Secretary

NORTH POINT BANCSHARES, INC.

(CORPORATE SEAL)

By: _____
Name: _____
Title: _____

Secretary

EXHIBIT B

United Community Banks, Inc.
P.O. Box 398
Blairsville, Georgia 30512

Gentlemen:

In connection with the proposed merger (the "Merger") of North Point Bancshares, Inc. ("North Point") with and into United Community Banks, Inc. ("United"), pursuant to the Agreement and Plan of Reorganization of even date herewith among United and North Point (the "Reorganization Agreement"), the undersigned hereby covenants, represents and warrants as follows:

1. Recommendation for Merger and Voting of North Point Stock.

The undersigned agrees to recommend to all holders of the capital stock of North Point ("North Point Stock") that they vote in favor of the Merger. In addition, the undersigned agrees to vote any and all shares of North Point Stock owned or controlled by him in favor of the Merger.

2. Compliance with Securities Laws. The undersigned

acknowledges that he will be subject to the restrictions on resales contained in Rule 145 of the Rules and Regulations of the Securities and Exchange Commission ("SEC") under the Securities Act of 1933, as amended, and agrees to sell, transfer or otherwise dispose of any shares of capital stock of United ("United Stock") received by him pursuant to the Merger only in compliance with the provisions of such Act and Rule. The undersigned acknowledges that United is not under any obligation to file a registration statement with the SEC covering the disposition of the undersigned's shares of United Stock to be received pursuant to the Merger.

3. Restrictive Legend. The undersigned agrees that the

certificates representing shares of United Stock to be issued to the undersigned pursuant to the Merger will be stamped or otherwise imprinted with a legend in substantially the following form:

The shares represented by this certificate may not be sold, transferred or otherwise disposed of except in a transaction covered by an effective registration statement under the Securities Act of 1933, as amended, or in accordance with Rule 145 promulgated thereunder, or in accordance with a legal opinion satisfactory to the Company that such sale or transfer is otherwise exempt from the requirements of such Act.

4. Initial Restriction on Disposition. The undersigned agrees

that the undersigned will not, except by operation of law, by will or under the laws of descent and distribution, sell, transfer, or otherwise dispose of the undersigned's interests in, or reduce the undersigned's risk relative to, any of the shares of United Stock into which the undersigned's shares of North Point Stock are converted upon consummation of the Merger until such time as United

notifies the undersigned that the requirements of SEC Accounting Series Release Nos. 130 and 135 ("ASR 130 and 135") have been met. The undersigned understands that ASR 130 and 135 relate to publication of financial results of post-Merger combined operations of United and North Point. United agrees that it will publish such results within 45 days after the end of the first fiscal quarter of United containing the required period of post-Merger combined operations and that it will notify the undersigned promptly following such publication.

Sincerely,

[Director or Executive Officer]

EXHIBIT D

(1) North Point was duly organized as a corporation, and is existing and in good standing, under the laws of the State of Georgia.

(2) North Point the corporate power to execute and deliver the Agreement and Plan of Reorganization Agreement (the "Reorganization Agreement") and the Agreement and Plan of Merger Agreement (the "Merger Agreement"), to perform its obligations thereunder, to own and use its Assets and to conduct its business.

(3) North Point has duly authorized the execution and delivery of the Reorganization Agreement and the Merger Agreement and all performance by North Point thereunder, and has duly executed and delivered the Reorganization Agreement and the Merger Agreement.

(4) No consent, approval, authorization or other action filed by, or filing with, any governmental authority of the United States or the State of Georgia is required for North Point's execution and delivery of the Reorganization Agreement and the Merger Agreement and consummation of the Transaction, which consent, approval or authorization has not been previously received.

(5) The Reorganization Agreement and the Merger Agreement are enforceable against North Point.

(6) The authorized capital stock of North Point consists of _____ shares of Common Stock, \$_____ par value per share, of which _____ shares are issued and outstanding. All of the issued and outstanding capital stock of North Point has been duly authorized and validly issued and are fully paid and non-assessable and, to such counsel's knowledge, there are no outstanding options, warrants, rights, calls, commitments, conversion rights, plans or other agreements providing for the purchase or issuance of any authorized but unissued shares of such capital stock.

EXHIBIT E

(1) United was duly organized as a corporation, and is existing and in good standing, under the laws of the State of Georgia.

(2) United has the corporate power to execute and deliver the Agreement and Plan of Reorganization (the "Reorganization Agreement") and the Agreement and Plan of Merger (the "Merger Agreement") to perform its obligations thereunder, to own and use its Assets and to conduct its business.

(3) United has duly authorized the execution and delivery of the Reorganization Agreement and the Merger Agreement and all performance by United thereunder, and has duly executed and delivered the Reorganization Agreement and Merger Agreement:

(4) No consent, approval, authorization or other action filed by, or filing with, any governmental authority of the United States or the State of Georgia is required for United's execution and delivery of the Reorganization Agreement and the Merger Agreement and consummation of the Transaction, which consent, approval or authorization has not been previously received.

(5) The Reorganization Agreement and the Merger Agreement are enforceable against United.

(6) The shares of United Stock to be issued upon consummation of the Merger have been duly authorized and upon issuance as contemplated in the Merger Agreement, will be validly issued, fully paid and non-assessable.

May 4, 2000

United Community Banks, Inc.
Post Office Box 398
59 Highway 515
Blairsville, Georgia 30512

Re: United Community Banks, Inc.
Registration Statement on Form S-3

Gentlemen:

At your request, we have examined the Registration Statement on Form S-3 filed by United Community Banks, Inc. (the "Company"), a Georgia corporation, with the Securities and Exchange Commission with respect to the registration under the Securities Act of 1933, as amended, of a minimum of 350,000 shares and a maximum of 450,000 shares of common stock, par value \$1.00 per share, of the Company (the "Common Stock"), to be sold to the public.

As your counsel, and in connection with the preparation of the Registration Statement, we have examined the originals or copies of such documents, corporate records, certificates of public officials, officers of the Company and other instruments related to the authorization and issuance of the common stock as we deemed relevant or necessary for the opinions expressed herein. Based upon the foregoing, it is our opinion that the shares of common stock to be issued and sold by the Company to the public will be, upon issuance, sale and delivery in the manner and under the terms and conditions described in the Registration Statement, validly issued, fully paid and nonassessable.

We hereby consent to the use of this opinion as an exhibit to the Registration Statement and further consent to the use of our name in the "Legal Matters" section of the Registration Statement, including the Prospectus constituting a part thereof, and any amendments thereto.

Very truly yours,

KILPATRICK STOCKTON LLP

By: /s/ Richard R. Cheatham
Richard R. Cheatham,
a Partner

CONSENT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

We have issued our report dated February 25, 2000, except for note 20 as to which the date is March 3, 2000, accompanying the financial statements of United Community Banks, Inc. and Subsidiaries incorporated by reference in the Registration Statement on Form S-3 and Prospectus. We consent to the incorporation by reference of the aforementioned report in the Registration Statement on Form S-3 and Prospectus, and to the use of our name as it appears under the caption "Experts".

/s/ Porter Keadle Moore, LLP

Atlanta, Georgia
May 4, 2000